

Page 1

1 UNITED STATES DISTRICT COURT

2 SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 Case No. 4:20-CV-576

5 - - - - -x

6 IN RE: ANADARKO PETROLEUM CORPORATE

7 SECURITIES LITIGATION

8 - - - - -x

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10

11

December 21, 2022

9:08 a.m. (PST)

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REMOTE VIDEOTAPED DEPOSITION of BJORN

15

STEINHOLT, an Expert Witness, in the

16

above-entitled action, held at the above

17

time and place, taken before Dawn Matera,

18

a Shorthand Reporter and Notary Public of

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the State of New York.

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<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES:</p> <p>2</p> <p>3 ROBBINS GELLER RUDMAN & DOWD LLP</p> <p>4 Lead counsel for Lead Plaintiff</p> <p>5 655 West Broadway</p> <p>6 Suite 1900</p> <p>7 San Diego, California 92101</p> <p>8 BY: RACHEL JENSEN, ESQ.</p> <p>9 rachelj@rgrdlaw.com</p> <p>10 BY: FRANCISCO MEJIA, ESQ.</p> <p>11 fmejia@rgrdlaw.com</p> <p>12</p> <p>13 CRAVATH SWAINE & MOORE LLP</p> <p>14 Attorneys for Defendants</p> <p>15 825 Eighth Ave</p> <p>16 Suite 4043B</p> <p>17 New York New York 10019</p> <p>18 BY: DANIEL SLIFKIN, ESQ.</p> <p>19 dslifkin@cravath.com</p> <p>20 BY: MING-TOY TAYLOR, ESQ.</p> <p>21 mtaylor@cravath.com</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>17 Also Present:</p> <p>18 MARC FRIEDMAN, Videographer</p> <p>19 KALLIE GALLAGHER</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 Matera, and we are both from the firm</p> <p>2 of Veritext Legal Solutions.</p> <p>3 I am not related to any parties</p> <p>4 in this action nor financially</p> <p>5 interested in the outcome. If there</p> <p>6 are any objections to these</p> <p>7 proceedings, please state them now.</p> <p>8 Hearing no objection, counsel</p> <p>9 will be noticed on the stenographic</p> <p>10 record. And at this time our court</p> <p>11 reporter will swear in our witness and</p> <p>12 we can proceed.</p> <p>13 BJORN STEINHOLT,</p> <p>14 the Witness herein, having first</p> <p>15 been duly sworn by the Notary</p> <p>16 Public, was examined and</p> <p>17 testified as follows:</p> <p>18 EXAMINATION BY</p> <p>19 MS. JENSEN:</p> <p>20 Q. Good morning, Mr. Steinholt.</p> <p>21 A. Good morning.</p> <p>22 Q. Do you have the November 9,</p> <p>23 2022 expert report that you submitted in</p> <p>24 this matter in front of you?</p> <p>25 A. I do.</p>
<p style="text-align: right;">Page 3</p> <p>1 THE VIDEOGRAPHER: Good morning.</p> <p>2 We are going on the record at 9:08</p> <p>3 a.m. Pacific Standard Time, on</p> <p>4 Wednesday, December 21st, 2022.</p> <p>5 Please note this deposition is</p> <p>6 being conducted virtually. Quality of</p> <p>7 the recording depends on the quality</p> <p>8 of the camera and Internet connection</p> <p>9 of all participants.</p> <p>10 What is heard from the witness</p> <p>11 and seen on screen is what will be</p> <p>12 recorded. Audio and video recording</p> <p>13 will continue to take place unless all</p> <p>14 parties agree to go off the record.</p> <p>15 This is media unit number 1 of</p> <p>16 the video-recorded deposition of Bjorn</p> <p>17 Steinholt in the matter of Anadarko</p> <p>18 Petroleum Corporation Securities</p> <p>19 Litigation. This case is filed in the</p> <p>20 United States District Court, Southern</p> <p>21 District of Texas, Houston division,</p> <p>22 case number 4:20-CV-576.</p> <p>23 My name is Mark Friedman. I am</p> <p>24 your certified video legal specialist.</p> <p>25 Your court reporter today is Dawn</p>	<p style="text-align: right;">Page 5</p> <p>1 MR. SLIFKIN: Okay. For the</p> <p>2 record, I want to mark that as Exhibit</p> <p>3 503.</p> <p>4 (Exhibit Number 503, the</p> <p>5 November 9th, 2022 expert report by</p> <p>6 Bjorn Steinholt was so marked for</p> <p>7 identification, as of this date.)</p> <p>8 MR. SLIFKIN: And we can put</p> <p>9 that in the Exhibit Share for folks.</p> <p>10 But since you've got the hard copy in</p> <p>11 front of you, it's much easier to deal</p> <p>12 with it that way.</p> <p>13 That's okay with you,</p> <p>14 Rachel?</p> <p>15 MS. JENSEN: Yes, that's fine.</p> <p>16 Q. So Exhibit 503, which you</p> <p>17 should have in front of you; is this in</p> <p>18 fact your report?</p> <p>19 A. It is.</p> <p>20 Q. Could you turn to page 3,</p> <p>21 paragraph 5?</p> <p>22 A. Yes.</p> <p>23 Q. You see in paragraph 5 there is</p> <p>24 a footnote 1, and a reference to an</p> <p>25 expert report you submitted in October</p>

2 (Pages 2 - 5)

<p>Page 6</p> <p>1 1st, 2021; do you see that?</p> <p>2 A. Yes, I do.</p> <p>3 Q. And that's what you refer to as</p> <p>4 the "Steinholt class cert report"; do you</p> <p>5 see that?</p> <p>6 A. Yes.</p> <p>7 Q. And you say that is "hereby</p> <p>8 incorporated by reference."</p> <p>9 A. Yes.</p> <p>10 Q. Right. So am I to take it that</p> <p>11 that report is also part of the opinion</p> <p>12 that you would submit were there to be a</p> <p>13 trial of this matter?</p> <p>14 A. That is correct, yes.</p> <p>15 Q. And for the record, that</p> <p>16 report, the Steinholt class cert report,</p> <p>17 was previously marked as Exhibit 10. Can</p> <p>18 you turn to the next page, page 4,</p> <p>19 paragraph 7.</p> <p>20 And by the way, before I move</p> <p>21 on, Mr. Steinholt, do you have that class</p> <p>22 cert report with you?</p> <p>23 A. I do, yes.</p> <p>24 Q. Okay. Great. Splendid.</p> <p>25 And again, that was previously</p>	<p>Page 8</p> <p>1 marked for identification, as of this</p> <p>2 date.)</p> <p>3 Q. And again, that will appear, if</p> <p>4 Ming does this for me, in the Exhibit</p> <p>5 Share, but I am glad that you have them</p> <p>6 in front of you. Okay.</p> <p>7 And again, by incorporating</p> <p>8 that rebuttal report into your report of</p> <p>9 November 9th, 2022, Exhibit 503, did that</p> <p>10 rebuttal report form part of the opinions</p> <p>11 that you may present to the Court were</p> <p>12 this case to go to trial?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. Okay. So now we've seen</p> <p>15 Exhibit 503, Exhibit 10, Exhibit 504. I</p> <p>16 take it you have all of those in front of</p> <p>17 you?</p> <p>18 A. That's correct, yes.</p> <p>19 Q. Do they comprise the totality</p> <p>20 of the opinions that you would offer or</p> <p>21 potentially offer were you to be called</p> <p>22 as a witness at trial of this matter?</p> <p>23 A. As of right now, yes.</p> <p>24 Q. Is there anything that you</p> <p>25 intend to opine on, as of now, that is</p>
<p>Page 7</p> <p>1 marked as Exhibit 10.</p> <p>2 So if you are on page 4,</p> <p>3 paragraph 7, you see there is a reference</p> <p>4 to a rebuttal report, dated February 2,</p> <p>5 2022; do you see that?</p> <p>6 A. Yes, I do.</p> <p>7 (Exhibit Number 10, document</p> <p>8 consisting of Steinholt class cert</p> <p>9 report previously marked for</p> <p>10 identification.)</p> <p>11 Q. And that's referred to as the</p> <p>12 Steinholt class cert rebuttal; do you see</p> <p>13 that?</p> <p>14 A. Yes.</p> <p>15 Q. And you say "that is hereby</p> <p>16 incorporated by reference to."</p> <p>17 A. Correct.</p> <p>18 Q. Do you have that in front of</p> <p>19 you?</p> <p>20 A. I do, yes.</p> <p>21 MR. SLIFKIN: Okay. And for the</p> <p>22 record, I would like to mark that as</p> <p>23 Exhibit 504.</p> <p>24 (Exhibit Number 504, rebuttal</p> <p>25 report dated February 2, 2022 was so</p>	<p>Page 9</p> <p>1 not included in those three exhibits that</p> <p>2 I just identified, 503, 10, and 504?</p> <p>3 A. I do not have anything else in</p> <p>4 mind as of right now.</p> <p>5 Q. Now I know taken together, they</p> <p>6 were really long, but -- and we can break</p> <p>7 this up, if you want to, but for now,</p> <p>8 taking those three exhibits together,</p> <p>9 503, 10 and 504, is there anything in any</p> <p>10 of those that you wish to withdraw?</p> <p>11 A. No.</p> <p>12 Q. Is there anything in any of</p> <p>13 those exhibits, 503, 10 and 504 that you</p> <p>14 wish to change?</p> <p>15 A. No.</p> <p>16 Q. Is there anything in those</p> <p>17 exhibits, 503, 10 and 504, that you</p> <p>18 believe today to be incorrect?</p> <p>19 A. No.</p> <p>20 Q. Okay. Could you in your own</p> <p>21 words describe the scope of your</p> <p>22 expertise relevant to this matter?</p> <p>23 A. My expertise is typically on</p> <p>24 issues of market efficiency and</p> <p>25 materiality, loss causation and damages</p>

3 (Pages 6 - 9)

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1 in securities litigation cases.
2 Q. Sorry, I am having a little
3 trouble hearing you, I am going to put my
4 volume up. Okay.
5 And in this matter, what
6 expertise are you offering to assist the
7 trier of fact?
8 A. This relates to those four
9 areas, which is, again, market
10 efficiency, materiality, loss causation
11 and the quantification of classwide
12 damages.
13 Q. I take it you're offering an
14 opinion as a financial analyst; is that
15 fair?
16 A. That's fair, securities
17 analyst, yes.
18 Q. I take it you're not offering n
19 legal opinions?
20 A. That is correct, yes.
21 Q. So when you talk about
22 materiality, causation and damages,
23 you're not offering any legal opinion on
24 those three subjects, I take it?
25 A. No, I do not offer legal

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1 opinions. But the type of work that I do
2 is performed in the context of
3 litigation.
4 So, for instance, when I
5 discuss market efficiency, I do take into
6 account opinions such as Cammer and
7 Krogman that guides the analysis that is
8 to be performed in order to determine
9 market efficiency.
10 With respect to materiality, I
11 know there is a legal definition of
12 materiality. When I look at materiality,
13 I look at it as a securities analyst. I
14 look at it as is the information value
15 relevant. And I also try, to the best of
16 my ability, to provide an economic
17 analysis that are relevant to what
18 typically is needed in securities
19 litigation. But I do not provide any
20 opinion with respect to what the law is
21 or should be.
22 Q. I take it you are provided with
23 legal rules, and you seek to analyze the
24 factual issues that those legal rules
25 mandate an inquiry into?

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1 A. Correct. So the 90-day
2 look-back, for instance, it's not an
3 economic issue, but I incorporate it,
4 because that is my understanding of the
5 law. I am not opining that is the law.
6 That is just my understanding, having
7 performed these type of analysis for
8 quite a few years. A couple of decades.
9 But, no, I do not provide any legal
10 opinions.
11 Q. And that was going to be my
12 next -- sorry, that was going to be my
13 next question.
14 From where do you derive your
15 understanding of the legal rules
16 applicable for this matter?
17 A. From my work in, work
18 performing these type of analysis in a
19 legal context.
20 Q. Okay. Now, do you have an
21 engineering background?
22 A. Well, I have an engineering
23 degree. I did not work as an engineer.
24 I went straight to graduate business
25 school, and worked in the finance field

Page 13

1 after graduating graduate school. But I
2 do have an engineering degree.
3 Q. Do you have any experience --
4 withdrawn.
5 Do you have any expertise in
6 petroleum engineering?
7 A. No. In my youth, I worked for
8 geologists and geophysicists at a company
9 called GFisco, a company of Norway, which
10 was acquired by Schlumberger. But, and I
11 did some programming and operating
12 computers for them and did provide,
13 provide them seismic graphs and things of
14 that nature. But, no, I do not profess
15 to have any special expertise in the area
16 of, in that particular area.
17 Q. Okay. So you say you have some
18 experience with geology, correct?
19 A. I have experience assisting
20 geologists. We are talking about early
21 '80s here. So whatever experience I had
22 would have been, you know, far back in my
23 memory bank by now.
24 So I do not profess to have any
25 specialized experience in that particular

4 (Pages 10 - 13)

Page 14

1 area. I know enough to know that it's a
 2 complicated issue. So I know a little
 3 bit about what I don't know, to put it
 4 that way.
 5 Q. In this matter you're not
 6 offering any opinion with respect to
 7 geology, I take it?
 8 A. That is correct, yes.
 9 Q. And you're not offering any
 10 opinion with respect to geophysics?
 11 A. That is correct, yes.
 12 Q. And you're not offering any
 13 opinion with respect to petroleum
 14 engineering?
 15 A. That is correct, yes.
 16 Q. Just to switch over to the
 17 finance of oil and gas, the oil and gas
 18 industry, do you have any expertise with
 19 respect to investing in the oil and gas
 20 industry?
 21 A. I personally have invested in
 22 the oil and gas industry, yes.
 23 Q. I am asking if you have any
 24 expertise in it?
 25 A. I have analyzed oil and gas

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1 companies, yes.
 2 Q. And when was that?
 3 A. I analyzed a company quite
 4 recently. I was testifying as an expert
 5 in a trial this summer. The company was
 6 Dakota Plains. And it was an oil-related
 7 company transporting oil from North
 8 Dakota to other areas in the United
 9 States. But I have various different
 10 projects, oil projects, in terms of my
 11 own personal investing and also different
 12 cases I have taken on in the litigation
 13 context, where that would include oil
 14 companies.
 15 Q. Okay. So you said you, you
 16 personally you have invested in oil and
 17 gas companies; is that correct?
 18 A. Yes, yes.
 19 Q. Did you ever invest in
 20 Anadarko?
 21 A. No.
 22 Q. Did you ever invest in
 23 Occidental?
 24 A. No.
 25 Q. Did you ever invest in

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1 ConocoPhillips?
 2 A. No.
 3 Q. Did you ever invest in
 4 Marathon?
 5 A. No.
 6 Q. Did you ever invest in Minali?
 7 A. No.
 8 Q. Did you ever invest in Cobalt?
 9 A. No.
 10 Q. Can you give me a list of the
 11 oil and gas companies that you have
 12 analyzed over the years?
 13 A. It could be from Schlumberger
 14 to Exxon Mobil to, of course, Dakota
 15 Plains, which was the case I had.
 16 SandRidge was another oil and gas
 17 company. Those are the ones that come to
 18 mind on the top of my head. But on
 19 occasions, I do analyze oil companies.
 20 Q. Have you ever had the occasion
 21 to analyze a project, an oil and gas
 22 project, in the Gulf of Mexico?
 23 A. A project like Shenandoah, not
 24 specifically. A project like Shenandoah
 25 in the Gulf of Mexico, no.

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1 Q. One other question. I
 2 understand you have a master's in
 3 international business and you are a
 4 chartered financial analyst. I assume
 5 that's correct, still?
 6 A. Yes, I am a chartered financial
 7 analyst.
 8 Q. Are you, do you have any
 9 expertise with respect to accounting?
 10 A. It is part of both of those,
 11 both the graduate business degree as well
 12 as is part of the, what they call the
 13 body of knowledge that you need to know
 14 in order to earn the CFA designation.
 15 But I am not an accountant, no.
 16 Q. And in your prior answer, I
 17 think -- okay, I want to clarify, because
 18 I am not sure I heard you correctly. But
 19 is it the case that accounting was part
 20 of both your graduate business degree and
 21 the body of knowledge you need to earn
 22 the CFA designation?
 23 A. Yes, it's part of -- you
 24 literally had to take accounting classes,
 25 financial accounting and cost accounting,

5 (Pages 14 - 17)

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1 with respect to the graduate business
 2 degree. And there was also accounting
 3 they have, I don't recall exactly what
 4 percentage of the totality it is, but,
 5 yes.
 6 So financial statement analysis
 7 is part of my background and training.
 8 That is different, though, than being a
 9 CPA and working on it day-in and day-out.
 10 So I don't present myself as being an
 11 accountant. I am a user of financial
 12 statements. I am not -- I don't prepare
 13 financial statements. So there is a big
 14 difference there.
 15 Q. Are you offering any expertise
 16 in this matter in the accounting world?
 17 A. I mean I obviously look at
 18 accounting numbers in this particular
 19 case, but I am not providing accounting
 20 opinions. No.
 21 Q. That was my next question. Are
 22 you offering an opinion with respect to
 23 the accounting that was conducted at
 24 Anadarko during the class period?
 25 A. No, I am not offering an

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1 opinion in terms of as to whether or not
 2 the accounting was correct or incorrect.
 3 I have no opinion.
 4 Q. Do you have any expertise with
 5 respect to auditing?
 6 A. Auditing, no. I mean,
 7 auditing, a lot of my cases sometimes
 8 auditing GAAP and GAAS is -- and that is
 9 G-A-A-P and G-A-A-S -- those type of
 10 issues come up. But I have not been an
 11 auditor, no.
 12 Q. And are you offering any
 13 opinions in this matter with respect to
 14 the auditing of Anadarko during the class
 15 period?
 16 A. No, I have no opinion with
 17 respect to how the auditing of Anadarko
 18 was in this particular case.
 19 Q. Now, let's focus on the
 20 Shenandoah. So you mentioned the
 21 Shenandoah project. Explain to me in
 22 your own words what you were referring
 23 to?
 24 A. Shenandoah was an oil field in
 25 the Gulf of Mexico. It was first

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1 discovered in 2009 by Anadarko. And it
 2 is central to this particular case. And
 3 more precise, more precisely, the
 4 commercial viability of this particular
 5 oil field is a central part of this
 6 particular case.
 7 Q. Okay. Did you understand the
 8 Shenandoah project to be, essentially, a
 9 joint venture?
 10 A. It was, yes, there were a
 11 handful of partners. It changed a little
 12 bit over time. But, yes, it was
 13 different partners was engaged in this
 14 particular venture. Anadarko was the
 15 operator. And then you had other
 16 partners who also had an interest in, an
 17 economic interest in this particular
 18 field.
 19 Q. And do you recall who those
 20 other partners were?
 21 A. Yes, it was ConocoPhillips. It
 22 was Cobalt. In the beginning it was
 23 Marathon Manali. And at some point
 24 Marathon sold their interest to Manali
 25 and Anadarko. But those were the

Page 21

1 different partners in the -- with respect
 2 to the Shenandoah venture.
 3 Q. And do you recall -- when you
 4 say they were partners, did they each
 5 have an ownership interest in this
 6 project?
 7 A. Yes, they did each have an
 8 ownership interest in the project.
 9 Q. And do you recall in percentage
 10 terms what the ownership interest of the
 11 various players were?
 12 A. Yes, for Anadarko it started
 13 out being 30 percent. It was increased
 14 to 33 percent. For Manali it was 10
 15 percent, and then increased to 17
 16 percent. And ConocoPhillips had 30
 17 percent. And then Cobalt had the
 18 remainder.
 19 Q. And Marathon?
 20 A. Marathon had 10 percent in the
 21 beginning. With 3 percent going to
 22 Anadarko, and 7 percent going to Manali.
 23 Q. Can you turn to page 5 of your
 24 report, Exhibit 503?
 25 MS. JENSEN: Is that the

6 (Pages 18 - 21)

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1 11/9/2022?
 2 MR. SLIFKIN: Yes.
 3 MS. JENSEN: Okay.
 4 A. You said page 5?
 5 Q. Page 5.
 6 A. Yes.
 7 Q. Okay. And you see paragraph 12
 8 there?
 9 A. Yes.
 10 Q. Okay. And there they reference
 11 there to information that you reviewed in
 12 forming your opinion; do you see that?
 13 A. Correct. There may be more
 14 information, but, I mean, that's the key
 15 information that I focused in on, yes.
 16 Q. And there is a list, there is a
 17 list of paragraphs (a) through (j) in
 18 paragraph 12, correct?
 19 A. That's correct.
 20 Q. And then you also refer to
 21 Exhibit B, and that's appended to your
 22 report, right?
 23 A. I apologize, I am just coming
 24 over a cold here. Yes.
 25 MS. JENSEN: And Bjorn, at any

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1 time you need to take a break, just
 2 let us know.
 3 THE WITNESS: I will.
 4 Q. So Exhibit B is a further
 5 itemization of the materials that you
 6 considered in forming your opinions,
 7 right?
 8 A. Yes, in this particular case
 9 there is a lot of information. There is
 10 more than a thousand analyst reports. I
 11 mean there is just a lot of information.
 12 And this just trying to distill it down
 13 to more of the key information that I
 14 relied on and considered in forming my
 15 opinion. Yeah.
 16 Q. So is there additional
 17 information that you reviewed, but didn't
 18 factor into your opinion in this matter?
 19 A. Yes, there will always be more
 20 information that you may review. I had
 21 available to me as footnote 4 points out,
 22 access to pretty much all of the
 23 documents produced in this particular
 24 case. And, you know, you can go overly
 25 broad and say, okay, you know, these are

Page 24

1 all of the documents or you can kind of
 2 focus in on the key documents that you
 3 used in forming your opinions. And if
 4 you want everything, well, you know, I
 5 don't think that's particularly helpful.
 6 I think it's more helpful to focus in on
 7 the particular documents that I relied on
 8 in forming my opinion. But obviously, I
 9 looked at, you know, other things as
 10 well.
 11 Q. You referred to there being, I
 12 believe, more than a thousand analyst
 13 reports. What are you referring to?
 14 A. In this particular case, there
 15 were analyst reports written about
 16 Anadarko as well as some of these other
 17 partners.
 18 And my recollection, at the top
 19 of my head, as I sit here right now, that
 20 that exceeded a thousand analyst reports.
 21 Now, I didn't, I did not list every
 22 analyst report written, because there may
 23 be nothing in there about Shenandoah.
 24 And it was not something that was really
 25 in my mind when I was forming my opinion.

Page 25

1 Q. Okay. With respect to
 2 materials you actually relied upon in
 3 forming your opinion -- so are you with
 4 me? I am now talking about what you
 5 actually relied upon, as opposed to what
 6 you may have reviewed or had available.
 7 Are you with me?
 8 A. Yes.
 9 Q. With respect to those materials
 10 that you actually relied upon, are there
 11 any materials you relied upon which are
 12 not identified in paragraph 12 or Exhibit
 13 B?
 14 A. I do not believe so. I think
 15 that there may be something in a
 16 footnote, where I talk about an analyst
 17 report that maybe it didn't make it into
 18 my list there. But it should have made
 19 it into the list -- you know, so,
 20 anything that I mention in my report in
 21 the footnotes, and so on, should have
 22 been also in Exhibit B.
 23 Q. Now, I think you mentioned
 24 analyst reports about Anadarko and its
 25 partners.

7 (Pages 22 - 25)

<p style="text-align: right;">Page 26</p> <p>1 A. Correct.</p> <p>2 Q. I think that's what you said a</p> <p>3 few minutes ago, yes?</p> <p>4 A. Yes.</p> <p>5 Q. And by partners, you mean the</p> <p>6 list you gave me before, Conoco, Cobalt,</p> <p>7 Marathon and Manali?</p> <p>8 A. Yes.</p> <p>9 Q. And of those four companies</p> <p>10 that I just listed, which was public?</p> <p>11 A. Well, Cobalt was public.</p> <p>12 ConocoPhillips was public. Of course</p> <p>13 Anadarko was public. Marathon would have</p> <p>14 been public, but they sold their interest</p> <p>15 at one point in time. Manali would not</p> <p>16 have been public.</p> <p>17 Q. Okay. So let's take a look</p> <p>18 back at your paragraph 12. In D, you</p> <p>19 refer to public filings by Anadarko with</p> <p>20 the SEC including 10-K, 10-Q, 8-K, and so</p> <p>21 forth; do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. And publicly-traded companies</p> <p>24 are required to file Ks, Qs and other</p> <p>25 such documents with the SEC, right?</p>	<p style="text-align: right;">Page 28</p> <p>1 So, on Exhibit B, page 2, at</p> <p>2 the very top there, I have,</p> <p>3 ConocoPhillips form 8-K that was filed on</p> <p>4 May 2nd. There was one sentence there</p> <p>5 talking about the whole expense they had</p> <p>6 taken with respect to the Shen-6 --</p> <p>7 that's S-H-E-N-6, that particular well.</p> <p>8 So I looked at that.</p> <p>9 Other than that, I don't think</p> <p>10 I found much with respect to</p> <p>11 ConocoPhillips. So I don't -- I didn't</p> <p>12 really list anything.</p> <p>13 Q. Did you look at any filings</p> <p>14 with the SEC for Cobalt?</p> <p>15 A. Yes.</p> <p>16 Q. And did you rely upon any of</p> <p>17 those?</p> <p>18 A. It was, actually, I think with</p> <p>19 respect to Cobalt, it would have been, I</p> <p>20 know that they made a press release and a</p> <p>21 filing after the fact. So from my</p> <p>22 analysis, I don't know if I referenced</p> <p>23 anything in my report with respect to</p> <p>24 that, but I am certainly aware of it.</p> <p>25 And I am certainly aware of the analyst</p>
<p style="text-align: right;">Page 27</p> <p>1 A. That's correct, yes.</p> <p>2 Q. Okay. Did you look at Ks, Qs</p> <p>3 and other publicly-filed documents for</p> <p>4 Conoco?</p> <p>5 A. I think I did. And if there</p> <p>6 wasn't anything there about Shenandoah,</p> <p>7 then I considered, I would not have</p> <p>8 included it. I would have to look at</p> <p>9 Exhibit B, and see if there was anything</p> <p>10 that I listed.</p> <p>11 Q. But if you did look at it, it</p> <p>12 would be on Exhibit B?</p> <p>13 MS. JENSEN: Objection,</p> <p>14 misstates.</p> <p>15 A. It would be even, you know, for</p> <p>16 instance, I recall that they had,</p> <p>17 ConocoPhillips had an earnings release on</p> <p>18 May 2nd of 2017. I know I looked at</p> <p>19 their earnings release. I know that I</p> <p>20 looked at the Form 10Q. I can</p> <p>21 double-check to see whether -- and I talk</p> <p>22 about it in here -- and whether or not it</p> <p>23 made it into my information. I think it</p> <p>24 made it into my information relied on</p> <p>25 here. I would have to double -- yeah.</p>	<p style="text-align: right;">Page 29</p> <p>1 reports discussing the impact of the</p> <p>2 suspension of the appraisal at the</p> <p>3 Shenandoah on Cobalt's stock price.</p> <p>4 Q. I will come to press releases</p> <p>5 and analyst reports in a minute. Right</p> <p>6 now I am just focused on public filings</p> <p>7 with the SEC.</p> <p>8 And so the question is, did you</p> <p>9 rely upon any SEC filings of Cobalt in</p> <p>10 forming your opinion?</p> <p>11 A. I certainly reviewed their</p> <p>12 press release that also would be a part</p> <p>13 of an SEC filing. But beyond that, I</p> <p>14 don't, I don't believe I did.</p> <p>15 Q. Okay. And did you rely upon</p> <p>16 any SEC filings by Marathon in forming</p> <p>17 your opinion in this matter?</p> <p>18 A. I don't believe I did, no.</p> <p>19 Q. Okay. Now, you previously</p> <p>20 mentioned press releases. If you look</p> <p>21 again at paragraph 12 of your report</p> <p>22 under the item (e), it says "Anadarko</p> <p>23 press releases and conference call</p> <p>24 transcripts." Do you see that?</p> <p>25 A. Yes.</p>

8 (Pages 26 - 29)

<p style="text-align: right;">Page 30</p> <p>1 Q. Did you review any Conoco press 2 releases? 3 A. Yes. 4 Q. And did you rely upon any 5 Conoco press releases? 6 A. Yes, I looked at the first 7 quarter of 2017 earnings release of 8 ConocoPhillips, yes. 9 Q. Okay. And are all of the press 10 releases that you relied upon from Conoco 11 identified on page 2 and 3 of Exhibit B? 12 A. The two specific ones that I 13 recall is the one on May 2nd, 2017 and 14 May 4th, 2017. And both of them are 15 here, listed here in Exhibit B. 16 Q. Okay. 17 A. By the way, let me add 18 something, I think that I referenced 19 another one and that was July 16, 2015. 20 And that is also listed here. 21 Q. And did you rely upon any press 22 releases by Marathon? 23 A. No, I don't think so. 24 Q. And did you rely upon any press 25 releases by Cobalt?</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. And you list, if I am correct, 2 two Cobalt conference calls; do you see 3 that? 4 A. That is correct. 5 Q. And did you rely upon all of 6 those conference call transcripts in 7 forming your opinion? 8 A. Yes. 9 Q. Did you look at any 10 ConocoPhillips conference call 11 transcripts? 12 A. I looked at ConocoPhillips 13 conference calls, but typically they 14 would not discuss anything of relevance 15 relating to Shenandoah. 16 Q. So I take it you didn't rely on 17 any ConocoPhillips conference calls? 18 A. Correct. 19 Q. And did you look at any 20 Marathon conference call transcripts? 21 A. I don't recall if I did or 22 didn't. They were not the partner during 23 the time period that I focused on the 24 most. So I certainly did not rely on it 25 in forming my opinions.</p>
<p style="text-align: right;">Page 31</p> <p>1 A. Yes. 2 Q. And are those identified on 3 pages 2 and 3 of Exhibit B? 4 A. Yes. 5 Q. Now, in paragraph 12, you refer 6 to "Conference call transcripts." What 7 are you talking about? 8 A. Following earnings releases, 9 typically, the company has a conference 10 call with analysts where analysts can ask 11 -- well, first they typically provide a 12 short presentation discussing their 13 results. And then typically there is a 14 question and answer session where 15 analysts can ask questions. And we 16 typically refer to those as conference 17 calls. 18 Q. Now, on page 3 of Exhibit B, 19 there is a heading "Conference Calls"; do 20 you have that? 21 A. Yes. 22 Q. And you list 11 separate 23 Anadarko conference calls; do you see 24 that? 25 A. Yes.</p>	<p style="text-align: right;">Page 33</p> <p>1 Q. And to be clear, when you said 2 the time period that you focused on the 3 most, what time period is that? 4 A. My analysis focuses -- a lot of 5 my analysis focuses on the, what happened 6 when, you know, the truth was exposed to 7 the market. In other words, what was the 8 impact on Anadarko's stock price by the 9 release of the alleged truth. And that 10 occurred on May 2nd, 2017 after the 11 market had closed. And also in the 12 morning of May 3rd, 2017, which is when 13 the conference call took place. 14 Q. Just so we are all on the same 15 page, when you say the alleged truth, 16 what are you referring to? 17 A. It is the truth that plaintiffs 18 allege was concealed throughout the class 19 period. 20 Q. And in this case, what is that? 21 A. The truth with respect to the 22 commercial viability of Shenandoah. 23 Q. Okay. And I take it you're not 24 offering an opinion with respect to 25 whether Shenandoah was or was not</p>

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1 commercially viable; is that fair?
 2 A. That's correct, yes.
 3 Q. Right. You're leaving that as
 4 a matter of proof by plaintiffs, I take
 5 it?
 6 A. That's correct, yes.
 7 Q. But your assumption is that
 8 plaintiffs will prove its allegations,
 9 correct?
 10 A. That's correct. That's the
 11 general way of approaching this
 12 particular issue as a damage expert, yes.
 13 Q. Okay. Let's try and get some
 14 base lines established here. When you
 15 say commercial viability in this context,
 16 what do you understand that to mean?
 17 A. Commercial viability has to do
 18 with whether or not the economics of the
 19 Shenandoah was such that it could be
 20 pursued -- pursued in a commercially
 21 viable matter. Another, as an investment
 22 whereby you would make money on it.
 23 There are costs associated with it. And
 24 there are presumably some revenues and
 25 profits that come later on.

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1 So typically, for something to
 2 be viable, it has to, you know, you
 3 certainly need to get more money back or
 4 expect to get more money back than what
 5 you spend upfront as an investment.
 6 And then there was a threshold
 7 matter. And that is that you don't
 8 engage in this type of endeavor just to
 9 break even. There are certain threshold
 10 profits that are -- that one would
 11 expect. And if that threshold is met,
 12 then the investment is viable.
 13 Q. Now, you mentioned costs. So
 14 what, in your understanding, were the
 15 potential costs with a commercial
 16 development of the Shenandoah field?
 17 A. Well, there is, of course,
 18 initial drilling costs. We talk about
 19 the exploration well, the appraisal well,
 20 sidetrack well, bypass well. The experts
 21 can talk about the different type of data
 22 that these wells collect, and so on. But
 23 these things are very, very costly.
 24 Hundreds of millions of dollars. And of
 25 course, so you have to invest in them.

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1 And a lot of investment is upfront. And
 2 those are the costs. And of course,
 3 there are always, if you decide to
 4 sanction the field and build it out,
 5 infrastructure is all set up. Then there
 6 are, of course, the costs for operating
 7 it. But those costs are typically much
 8 less than the initial costs. But those
 9 are the costs typically in a project like
 10 this.
 11 Q. In your understanding was any
 12 special type of drilling technology
 13 required for developing and exploiting
 14 the Shenandoah field?
 15 MS. JENSEN: Objection.
 16 Compound. Vague.
 17 MR. SLIFKIN: All right. Let me
 18 fix that.
 19 Q. In your understanding, was any
 20 special type of drilling technology
 21 required for exploiting the Shenandoah
 22 field?
 23 A. I know that there was some
 24 discussion about what type of technology
 25 that they were, they might be using. But

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1 in terms of the technology itself, I am
 2 not intimately aware of all of the
 3 technical differences between the
 4 different technologies.
 5 Q. Do you know if the technology
 6 that was needed for the exploitation of
 7 Shenandoah was in place at the beginning
 8 of the class period?
 9 A. I have not investigated that
 10 particular issue, to what extent they had
 11 everything in place or had to modify
 12 things, you know. It's not something
 13 that I have investigated.
 14 Q. Do you know if the technology
 15 necessary to exploit the Shenandoah field
 16 was in place at the end of the class
 17 period?
 18 A. It's not something that I have
 19 specifically investigated.
 20 Q. Okay. You mentioned revenues
 21 from a project. I assume that's from the
 22 sale of whatever hydrocarbons are
 23 obtained from the field, right?
 24 A. Yeah. So ultimately what
 25 happens is that often you have to put the

10 (Pages 34 - 37)

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1 infrastructure in place. You spent all
2 that money. You have the infrastructure
3 in place. And then over the next years,
4 decades, you know, you effectively are
5 extracting, in this case oil, and you're
6 selling that oil on the market. And, you
7 know, that's how you would generate
8 revenues.

9 Q. Okay. During the class period,
10 did you look at what the price of oil
11 was?

12 A. Yes, I am familiar with the ups
13 and downs of oil prices before, during
14 and after the class period in general
15 terms. It's not something I have
16 memorized but.

17 Q. Do you have any recollection of
18 what the price of oil was for the kind of
19 oil that could be extracted from
20 Shenandoah during the class period?

21 A. It varied. And, you know, oil
22 prices varied during the class period.
23 It ended up, I think it was around 50
24 bucks a barrel at the very end of the
25 class period, average. I think I

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1 calculated somewhere was slightly below
2 that. But it also was below 30 at some
3 point, I believe.

4 And again, this is just my
5 recollection. It had been much higher
6 prior to the class period. I think there
7 was a five-year period where it was above
8 \$60 -- more than a five-year period where
9 it was more than \$60. But that's the way
10 that oil prices are, you know. They go
11 up. They go down.

12 And I think that one of the
13 points that Walker was making somewhere,
14 I can't recall exactly where, is that you
15 had to have a long-term perspective on
16 this. So you own something for a very,
17 very long time. And at some points the
18 oil prices are going to be high and
19 sometimes they are going to be low.

20 But the question is that, you
21 know, when we look at an average over a
22 long period of time, is it a viable field
23 to explore --

24 Q. I take it --

25 A. Oh, I am sorry -- develop.

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1 Sorry.

2 Q. I take it -- well, let me
3 withdraw that and go back.

4 You mentioned revenues, right?

5 And revenues are from selling the
6 hydrocarbons that are extracted from the
7 field, right?

8 A. Yes. Selling the oil.

9 Q. So I take it if the price of
10 oil goes up, then there are more
11 potential revenues?

12 MS. JENSEN: Objection, to the
13 extent it calls for speculation.

14 A. If costs are the same and
15 revenue goes up, then profits go up, yes.

16 Q. That's not what I asked you. I
17 asked you if the price of oil goes up
18 then everything else being equal, the
19 potential revenues go up, correct?

20 MS. JENSEN: Objection, to the
21 extent that it calls for speculation.
22 Foundation.

23 A. I think that it's reasonable to
24 expect that revenues go up. If
25 everything else held constant, then the

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1 price of oil goes up. Yes, I think
2 that's a reasonable expectation.

3 Q. And conversely, everything else
4 being equal, if oil prices go down, then
5 potential revenues go down, as well?

6 MS. JENSEN: Again, foundation.
7 And objection, to the extent that it
8 calls for speculation.

9 A. I think it's reasonable to
10 expect that holding everything else
11 equal, if the price of oil declines, then
12 revenues will decline.

13 Q. I think you said you're
14 familiar with oil prices after the class
15 period ended. Did I hear that correct?

16 A. Yeah. Well, I looked -- I
17 think that, you know, as part of
18 investing a little bit in oil companies,
19 and so on, yeah, I followed it a little
20 'bit, yes.

21 Q. And --

22 MS. JENSEN: I am sorry. I am
23 sorry, Dan, let me just get an
24 objection to beyond the scope.

25 Q. As we sit here today, has oil

11 (Pages 38 - 41)

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1 prices gone up since the end of the class
2 period?
3 MS. JENSEN: Objection. Beyond
4 the scope.
5 A. Yeah, what happened -- one of
6 the things that I was interested in was
7 that internally in March of 2017, there
8 was an internal memo. And my
9 understanding of the way I interpreted
10 the internal memo was that they expected
11 oil prices in 2018 to average about \$64,
12 \$67 a barrel. And it seems to me that
13 that was pretty much where oil went, on
14 average. And in 2018 was roughly, you
15 know, in the mid-60s. So, you know, but
16 that's just an observation.
17 Q. So as we sit here today, is it
18 fair to say that oil prices have spiked?
19 MS. JENSEN: Objection. Beyond
20 the scope. Vague as to time.
21 A. I think that in connection with
22 the Russian invasion of the Ukraine, it
23 probably spiked. But it has come down
24 quite a bit since then.
25 Q. Do you have any sense, as you

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1 sit here today, of what the current price
2 of oil is?
3 MS. JENSEN: Objection. Beyond
4 the scope. This is -- so, Dan, I
5 mean, look, I think you're getting
6 pretty far afield. This is far after
7 the class period. So I'll leave it
8 there. But I expect you'll move on
9 pretty quickly.
10 Q. Do you have the question in
11 mind?
12 A. Yeah. I mean, I know it went
13 above, above 100 and now it has come down
14 below 100. I think it went down below
15 80, even. So I haven't really looked at
16 the prices, you know, lately.
17 But I think I was reading that
18 in the beginning of the war we were, the
19 U.S. was releasing oil from their
20 reserves. And know that they were buying
21 it back at much cheaper prices. So, you
22 know, I mean I have a general
23 understanding.
24 Q. Do you have any understanding
25 as to whether the Shenandoah field is

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1 being exploited today?
2 MS. JENSEN: Objection. Far
3 beyond the scope.
4 A. My understanding is that there
5 are some -- well, effectively, Anadarko
6 and Parship Group had to give up their
7 lease. That's my understanding. My
8 understanding is that there may be some
9 other group looking into it. I mean
10 that's a factual issue that I am not here
11 to provide that type of information.
12 Q. Did the current status of the
13 exploitation of the Shenandoah field,
14 factor at all into your opinions in this
15 matter?
16 MS. JENSEN: Objection. Dan,
17 again, far beyond the scope. Far
18 after the class period.
19 A. It would not factor into my
20 analysis of the price decline in, on May
21 3rd of 2017. No.
22 Q. Now, I believe you testified
23 that during the class period that the
24 price of oil fluctuated; is that fair?
25 A. Yes.

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1 Q. Did that fluctuation of the
2 price of oil during the class period
3 factor in any way into the opinion that
4 you're offering in this matter?
5 A. There is always a question
6 whether or not you should include some
7 adjustment for multiple factors operating
8 on the fraud on the inflation. So I have
9 a footnote with respect to that.
10 And, you know, I think the most
11 common thing is not to make any
12 adjustments because there are other
13 things that one would have to consider as
14 well. And ultimately, it's a wash. And
15 in this case, it would lead to higher
16 inflation on most of the base during the
17 class period. And I was not comfortable,
18 without a better basis to increase
19 damages based on that.
20 And there is also the issue of
21 the fact that the price that you would
22 sell the oil in Shenandoah for is not
23 today's price. It would be the price,
24 whatever it would be, when the field was
25 fully developed and that price is, of

12 (Pages 42 - 45)

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1 course, not known.

2 So, you had to have, you know,
3 it's more common to take a long-term
4 perspective with respect to that.

5 Q. Okay. Now, you mentioned --
6 well, withdrawn. Let me ask one more
7 question or one more topic on this.

8 I take it you didn't make your
9 own assessment of commercial viability of
10 the Shenandoah field?

11 MS. JENSEN: Asked and answered.

12 A. No. That would involve a lot
13 of expertise that I do not have in
14 geology, geophysics and so on. So no, I
15 did not.

16 Q. Do you have any understanding
17 as to whether the fluctuating price of
18 oil during the class period affected the
19 commercial viability of the Shenandoah
20 field?

21 MS. JENSEN: Objection,
22 foundation. Objection, to the extent
23 that it calls for speculation.

24 A. It depends on the way that -- I
25 mean, what you're trying to determine

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1 from an economic point of view is what is
2 the price of oil that you will receive
3 when you sell the oil.

4 And so it's not clear to me
5 exactly how the current price of oil
6 necessarily changes the price of oil of a
7 field over a long period of time. There
8 may be, but it's not exactly clear to me.

9 Typically what happens is that
10 you have periods where, you know, you
11 have more supply than demand. And, you
12 know, the price is so low. And then
13 everybody corrects for that and then the
14 prices go up, and so on. So you have
15 a fluctuation. And if you have a
16 long-term perspective, then it kind of
17 cancels out.

18 But there can be other factors.
19 And they are more complicated to actually
20 get to where there could be change --
21 changes with respect to expectations with
22 respect to what the oil price will be
23 five, 10 years from now. I certainly
24 have not performed that analysis. So I
25 can only work with what I have.

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1 Q. Do you have any knowledge as to
2 whether expected future oil prices
3 changed during the class period?

4 A. There would be changes, but it
5 would -- you can look at the future
6 prices, the futures being traded on the
7 New York Mercantile Exchange. But
8 typically those are going to be more
9 short term, maybe a year or two. So it
10 depends on what you mean by long-term old
11 prices. It's a complicated -- it's a
12 difficult thing to forecast. And then
13 you have events such as Covid that can
14 all of a sudden have a big impact on oil
15 prices. The oil prices went down. And
16 then you have the Russian invasion of
17 Ukraine. And the oil price goes up. So
18 you have all of these factors that you
19 just don't know.

20 So it's very, very difficult to
21 forecast oil prices, you know, five
22 years, 10 years. But over a long period
23 of time, you know, you can have some
24 sense that you probably will go through
25 periods with low prices and periods with

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1 high prices.

2 Q. Did you make any effort to look
3 at what the expectation of future oil
4 prices was internally at Anadarko during
5 the class period?

6 MS. JENSEN: Objection. Beyond
7 the scope.

8 A. The only thing that comes to
9 mind is, I think it was March 17th --
10 March -- it was probably March 17th,
11 2017, or something like that, I reference
12 it in one of my reports.

13 And I think their expectation
14 was that the oil prices would be 64 to 67
15 dollars on average during 2018. And I
16 also think that -- I think it was Walker
17 who made some statements that he thought
18 that that average oil price in 2017 would
19 be, probably be around \$60. That may be
20 a reflection of what they thought
21 internally. But that is also very, very
22 short term because, you know, the oil
23 from Shenandoah would not be sold in
24 either 2017 or 2018.

25 Q. In your understanding, had

13 (Pages 46 - 49)

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1 Shenandoah been commercially developed,
2 in what time frame would the sale of oil
3 have been?

4 A. It would have been a few years
5 away, that's my understanding. But as I
6 sit here right now, I don't know exactly
7 when that would be.

8 Q. Okay. So you reference this
9 document and something that Mr. Walker
10 said.

11 Do you have any knowledge as to
12 how those expectations with respect to
13 the future price of oil compared to
14 internal Anadarko expectations earlier in
15 the class period?

16 A. I do not know. I don't have
17 any opinions relating to that. And it's
18 beyond the scope of what I was focusing
19 on.

20 Q. Okay. So to come back you
21 spoke about the alleged truth coming out.
22 And you said in this case it's the truth
23 with respect to commercial viability.
24 Are you with me?

25 A. Correct.

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1 concealed. It was something that the
2 company, you know, that or similar
3 information, is something that the
4 company should have revealed earlier.
5 It's just an alleged truth. It's in the
6 complaint.

7 Q. And for purposes of your
8 analysis, when should that alleged truth
9 have been disclosed to the market?

10 A. The misrepresentations relating
11 to the commercial viability of the
12 Shenandoah started on, when they filed
13 the 10-K. So that was, I think it was
14 after the market closed on February 20th.
15 So it would be on February 21st, 2015.
16 That's where you would have, there would
17 have been some truth.

18 And my understanding is that
19 the truth at that point in time would
20 have been that the Shenandoah was most
21 likely not commercially viable as of that
22 time.

23 Q. When you say most likely, what
24 do you mean by most likely?

25 A. Well, that is the determination

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1 Q. And in your understanding, at
2 least, for the purposes of your analysis,
3 what was the truth that came out?

4 MS. JENSEN: Objection. Asked
5 and answered.

6 A. Well, the specific alleged
7 truth in this particular case relates to
8 the suspension of appraisal activities at
9 the Shenandoah; as well as the impairment
10 charge that they took at the time; as
11 well as the expenses of the drilling
12 costs, including drilling costs -- some
13 drilling costs that had previously been
14 capitalized. And as well as, you know,
15 results of the Shen-6 sidetrack well that
16 was dry.

17 Q. Okay. So you say that's the
18 truth with respect to Shenandoah?

19 A. No, that is the alleged truth.
20 That is what plaintiffs allege in the
21 complaint.

22 I am not here -- I am not the
23 paid juror to determine whether or not
24 those allegations are correct or not, but
25 that is information that was fraudulently

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1 of the other experts in this particular
2 case. So most likely means that it is
3 more than 50 percent. That's the way I
4 read it.

5 Q. Okay. And did that, did that
6 change during the class period, the
7 likelihood of commercial viability?

8 A. After the Shen-4, the experts
9 concluded, the assumption is that it
10 certainly was not commercially viable
11 after. So it goes from most likely to
12 certainly not commercially viable.

13 Q. And this analysis of most
14 likely shifting to certainly not, in your
15 understanding, was that known within
16 Anadarko during the class period?

17 MS. JENSEN: Objection, to the
18 extent that it calls for speculation.
19 Objection, beyond the scope.

20 A. Could you repeat the question?

21 Q. Yes. That shift with respect
22 to commercial viability during the class
23 period that you just described to me,
24 from most likely to be -- most likely not
25 commercially viable to certainly not

14 (Pages 50 - 53)

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1 commercially viable. Are you with me, I
 2 am talking about that distinction that
 3 you just described?
 4 A. Correct.
 5 Q. So that distinction, in your
 6 understanding, was that distinction known
 7 to folks within Anadarko during the class
 8 period?
 9 MS. JENSEN: Objection.
 10 Characterization and beyond the scope.
 11 A. I don't know what was known
 12 internally at Anadarko. But all I know
 13 is that based on the experts' review of
 14 the results from the Shen-4, that is what
 15 they determined. That's my
 16 understanding.
 17 Q. And so you haven't done an
 18 independent analysis of this. You're
 19 just taking the work and conclusions of
 20 other experts; is that fair?
 21 MS. JENSEN: Objection to the
 22 characterization.
 23 A. Yes, I am. I have no knowledge
 24 of what Shenandoah understood internally.
 25 Q. Okay. So you -- do you know

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1 who Lea Frye is?
 2 A. Yes. I believe she was the
 3 lady who filed a whistleblower complaint.
 4 Q. Did that whistleblower
 5 complaint factor into your analysis at
 6 all?
 7 A. I think it probably factored
 8 into -- it may have factored into the
 9 other experts' work in this case. And I
 10 am taking my assumptions from them.
 11 So indirectly, you know, maybe
 12 it impacted my analysis. But I am
 13 looking at the assumptions that were
 14 provided to me. So I don't know to what
 15 extent her whistleblower complaint, you
 16 know, factored into these assumptions and
 17 consequently how that factored into my
 18 analysis, which is based on those
 19 assumptions.
 20 Q. Did you investigate what Ms.
 21 Frye's understanding with respect to the
 22 commercial viability of the Shenandoah
 23 field was during the class period?
 24 A. No, I did not.
 25 Q. Do you have any understanding

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1 as to what her analysis was?
 2 A. Obviously, there is some
 3 discussion about it, about her
 4 whistleblower complaint. But, no, I
 5 don't have any particular understanding
 6 of what her view was, no.
 7 Q. Okay. Did you investigate the
 8 understanding of the non-Anadarko
 9 partners, the Shen partners who weren't
 10 Anadarko, was during the class period
 11 with respect to commercial viability?
 12 A. I have no knowledge other than
 13 the public statements that they were
 14 making with respect to what their
 15 internal view was with respect to
 16 Shenandoah.
 17 Q. Now, you mentioned Shen-4, are
 18 you with me?
 19 A. Yes.
 20 Q. Okay. I take it you're aware
 21 that after the, after the Shen-4 well
 22 results came out, wells were drilled
 23 known as Shen-5 and Shen-6, correct?
 24 A. That's correct, yes.
 25 Q. And you mentioned the end of

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1 the class period is the announcement of
 2 the Shen-6 results, correct?
 3 MS. JENSEN: Objection.
 4 Characterization.
 5 A. It was a suspension of the
 6 appraisal of Shenandoah and also the
 7 result of the Shen-6 sidetrack well that
 8 ended the class period.
 9 Q. And I think you mentioned the
 10 Shen-6 sidetrack well was dry?
 11 A. That was disclosed at that
 12 point in time, yes.
 13 Q. And do you know when those
 14 results actually came in?
 15 A. You mean to Anadarko?
 16 Q. Yes.
 17 A. No, I do not know when those
 18 results came in.
 19 Q. But you understand that at the
 20 time of the Shen-4 well results, Shen-5
 21 and Shen-6 hadn't been drilled?
 22 A. Yeah, yes.
 23 Q. And thereby their results by
 24 definition were not available?
 25 MS. JENSEN: Objection,

15 (Pages 54 - 57)

<p style="text-align: right;">Page 58</p> <p>1 characterization.</p> <p>2 A. Yes. Obviously, in a case like</p> <p>3 this the argument is not that the Shen-6</p> <p>4 results should have been disclosed at the</p> <p>5 time of the Shen-4 results were disclosed</p> <p>6 or at the time the Shen-3 results were</p> <p>7 disclosed.</p> <p>8 The issue there, I mean the</p> <p>9 arguments in these type of cases is that</p> <p>10 the results or the information that the</p> <p>11 company already had would have</p> <p>12 demonstrated the lack of commercial</p> <p>13 viability of the Shenandoah. Not the</p> <p>14 specific Shen-6 results.</p> <p>15 Q. Do you have any understanding</p> <p>16 as to why the Shen-5 well was drilled?</p> <p>17 MS. JENSEN: Objection, to the</p> <p>18 extent that it calls for speculation.</p> <p>19 Foundation.</p> <p>20 A. Other than the obvious answer</p> <p>21 that they wanted more information. I</p> <p>22 don't, I don't have anything -- I haven't</p> <p>23 reviewed any internal documents to</p> <p>24 investigate anything in particular with</p> <p>25 respect to anything more in particular</p>	<p style="text-align: right;">Page 60</p> <p>1 record. This will be the start of</p> <p>2 media unit number 2. You can proceed,</p> <p>3 counsel.</p> <p>4 MR. SLIFKIN: Thank you.</p> <p>5 BY MR. SLIFKIN:</p> <p>6 Q. Do you have any understanding</p> <p>7 of what the results of Shen-4 were?</p> <p>8 A. Yeah, just what they stated in</p> <p>9 -- publicly stated, that they encountered</p> <p>10 620 net feet of oil pay. And I have, you</p> <p>11 know, a brief summary of that in</p> <p>12 paragraph 21 in my report.</p> <p>13 Q. In your understanding was</p> <p>14 there, in fact, 620 net feet of oil pay</p> <p>15 in Shen-4?</p> <p>16 MS. JENSEN: Objection. Beyond</p> <p>17 the scope.</p> <p>18 A. I have not been asked to assume</p> <p>19 anything. I mean I don't know.</p> <p>20 Q. For purposes of your analysis,</p> <p>21 you know, did you deem that statement to</p> <p>22 be false?</p> <p>23 A. I think that the argument by</p> <p>24 plaintiffs, to my understanding, is that</p> <p>25 the statement was misleading, and that it</p>
<p style="text-align: right;">Page 59</p> <p>1 with respect to that issue.</p> <p>2 Q. Do you have any understanding</p> <p>3 as to the process for the approval of</p> <p>4 Shen-5 -- let's take Shen-5 -- the</p> <p>5 process for the approval of the Shen-5</p> <p>6 well?</p> <p>7 MS. JENSEN: Objection. Beyond</p> <p>8 scope.</p> <p>9 A. The internal process that</p> <p>10 Anadarko went through in order to</p> <p>11 determine whether or not to drill Shen-5</p> <p>12 is beyond what I have looked at.</p> <p>13 MR. SLIFKIN: Okay. Well, why</p> <p>14 don't we take a little bit of a break,</p> <p>15 and we can go to the restroom, and so</p> <p>16 forth. Maybe 10 minutes. Is that</p> <p>17 fair?</p> <p>18 MS. JENSEN: Sure.</p> <p>19 THE VIDEOGRAPHER: The time is</p> <p>20 10:26 a.m., we are going off the</p> <p>21 record. This will end media unit</p> <p>22 number 1.</p> <p>23 [Off the record.]</p> <p>24 THE VIDEOGRAPHER: The time is</p> <p>25 10:41 a.m., and we are back on the</p>	<p style="text-align: right;">Page 61</p> <p>1 did not fully reflect what the company</p> <p>2 knew about Shen-4.</p> <p>3 Q. About Shen-4 or Shen as a</p> <p>4 whole?</p> <p>5 A. Well, what I am working with is</p> <p>6 the assumption with respect to commercial</p> <p>7 viability. So that is really what I am</p> <p>8 working with. But that, that assumption</p> <p>9 became stronger after Shen-4, presumably</p> <p>10 because of results relating to Shen-4.</p> <p>11 Q. Do you have any understanding</p> <p>12 as to whether -- withdrawn.</p> <p>13 I know you're not sort of an</p> <p>14 oil and gas expert, but do you have any</p> <p>15 understanding as to whether or not 620</p> <p>16 net feet of oil pay is a lot or a little</p> <p>17 or good, bad; any understanding in that</p> <p>18 regard?</p> <p>19 MS. JENSEN: Objection. Beyond</p> <p>20 scope and form.</p> <p>21 A. Well, it depends on -- you</p> <p>22 know, it depends on what the expectations</p> <p>23 are, right? And it depends on what you</p> <p>24 compare it to. And so I think that what</p> <p>25 you would do, I mean if you compare it to</p>

16 (Pages 58 - 61)

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1 the thousand feet of net oil pay from
2 Shen-2, you know, it's less than that.
3 But, you know, you know, it's more than
4 Shen-1.

5 So I think there is a lot of
6 information that is derived from drilling
7 a well that may or may not be reflected
8 in just one number, 620 net feet of oil
9 pay. You know, it seems to me that the
10 company viewed it as pretty good.

11 I think the quote -- they were
12 talking about it, the reservoir quality,
13 and the initial assessment looks pretty
14 comparable to everything else we found
15 out there. And it goes on to say that we
16 are very encouraged.

17 So I think that the color alone
18 also is a second thing that the investor
19 would assess when they, when they receive
20 a result like this.

21 Q. Okay. Now, you mentioned that
22 Shen-2 -- Shen-2 had a thousand feet of
23 pay in your prior answer; are you with
24 me?

25 A. Correct. So what I am saying

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1 or not there are other issues or other
2 facts or information that was also
3 revealed by the results of that
4 particular well.

5 Q. Just to go back to Shen-2 for a
6 moment. So Shen-2 had a thousand feet of
7 net oil pay, right?

8 MS. JENSEN: Objection.

9 A. Yes, that is what I recall. I
10 have it in paragraph 18. And I don't
11 know if I specifically said that it has a
12 thousand feet of oil pay. But I am
13 pretty sure that's what it had.

14 Q. Well, this is not a trick
15 question. You can look at your footnote
16 12, if you want.

17 A. Yes, exactly. Yeah.

18 Q. Right. Okay. So then -- and
19 that was before the class period, right?

20 A. That's correct, yes.

21 Q. And in your understanding, is
22 that statement alleged to be either false
23 or misleading?

24 A. No, I mean, my understanding is
25 that the class period starts with the

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1 is that if the only thing that you're
2 looking at, because the only thing in
3 your question was the number, 620. Is
4 620 good?

5 Well, you know, it's not as
6 good as a thousand; right? But then
7 again, I mean, I think you have to, you
8 know, look at the entire picture. I
9 mean, how many wells did they drill, you
10 know? And from all of them, is this the
11 best one of a bunch of them? I mean what
12 else is there? You know, is there other
13 information there that would detract from
14 this particular number?

15 So I would be, you know,
16 depending on your level of expertise in
17 this particular field, an investor
18 would -- some investor would take great
19 guidance from the way that the results
20 were characterized by the company.
21 Others may look at it a little bit
22 different.

23 So just looking at one number,
24 I think you have to look at how it's
25 characterized by the company, and whether

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1 misrepresentation, alleged
2 misrepresentation in the Form 10-K that
3 came out after the market closed on
4 February 20th, 2015. So that is the
5 first alleged misrepresentation that's
6 relevant, for my purposes. You know,
7 they may, you know, this may have been a
8 false statement, too. But I mean for my
9 purposes, you know, I explicitly start my
10 inflation following that filing of Form
11 10-K.

12 Q. So in your opinion, which are
13 the inflationary statements?

14 A. Inflationary statements?

15 Q. Right.

16 A. Well, I mean, I typically call
17 them misrepresentations. The alleged
18 misrepresentations starts with the
19 statement, the representations in the
20 Form 10-K for the year-ended 2014.

21 Q. So that's the document that was
22 filed with the SEC on February 20th,
23 2015; is that right?

24 A. Correct, yes. That is the
25 first misrepresentation that I had for

17 (Pages 62 - 65)

<p>Page 66</p> <p>1 the purposes of establishing when 2 liability starts in this particular case. 3 Q. Okay. But your opinion has to 4 do with artificial inflation in the stock 5 price, correct? 6 A. Correct, yes. 7 Q. And so my question is, in your 8 opinion, when did that artificial 9 inflation start? 10 A. Well, that started following 11 the first misrepresentation, which was 12 the filing of the 10-K. At that point in 13 time, that's when you get an inflation, 14 which is the difference between the stock 15 price and the true value reflecting the 16 alleged truth. 17 Q. And again that's February 20th, 18 2015? 19 A. Well, it was after the market, 20 so it ends up being February 21st of 21 2015, yes. 22 Q. Okay. So I've asked you -- you 23 know, and I am looking at your paragraph 24 20, just to be clear, right, I assume you 25 have it in front of you?</p>	<p>Page 68</p> <p>1 disclosure, the issue there is whether or 2 not this is a full and accurate 3 disclosure of the results up until that 4 point in time. 5 Q. Okay. But, again, my question 6 is a little bit narrower, which is in 7 your understanding for purposes of your 8 analysis, is it actually incorrect that 9 there was 1,040 net feet of oil pay in 10 Shen-5? 11 MS. JENSEN: Objection. 12 Misleading. 13 A. No, that is not my 14 understanding of their allegations. I 15 think my understanding of their 16 allegations is that there is more 17 information that should have been 18 disclosed with respect to the results of 19 the Shen-5. 20 Q. Okay. Again, and your 21 understanding is that 1,040 net feet of 22 oil pay, is that a lot or no big deal or 23 what? 24 MS. JENSEN: Objection to form. 25 A. Well, you're on your fifth well</p>
<p>Page 67</p> <p>1 A. Yes, I do. 2 Q. And I was talking to you about 3 paragraph 21, and that's the Shen-4 4 result. 5 And then if we go to paragraph 6 22, that's the Shen-5 results. And you 7 see there's, you quote an Anadarko 8 announcement on July 26th, 2016 that 9 Shen-5 had encountered more than 1,040 10 net pay -- net feet of oil pay; do you 11 see that? 12 A. That's correct, yes. 13 Q. Okay. And in your 14 understanding, was that a false 15 statement? 16 A. It was a misrepresentation. 17 That's my understanding. 18 Q. When you say that -- 19 A. Because it was not -- typically 20 the way that these cases work is that 21 something is or may be false or 22 misleading if it conceals material 23 information that is necessary in order to 24 fully understand the subject. 25 So with respect to the Shen-5</p>	<p>Page 69</p> <p>1 and you have the highest net pay. So if 2 you just look -- again, if you just look 3 at the number, the number is the highest 4 of all of the wells that had been drilled 5 up until that point in time. So if you 6 just look at the number, that would seem 7 to be pretty good. 8 Q. Okay. Now, there were a series 9 of misstatements alleged in this matter. 10 Are you familiar with that? 11 A. I know that there are a series 12 of misstatements. So, yes. 13 MR. SLIFKIN: Your video is 14 cutting in and out a little bit. I 15 got something that says my Internet is 16 unstable. 17 Let's go off the record for a 18 second. 19 THE VIDEOGRAPHER: Time is 20 10:54, and we are going off the 21 record. Hold on a second. 22 [Off the record.] 23 THE VIDEOGRAPHER: The time is 24 11:07 a.m., and we are back on the 25 record.</p>

<p style="text-align: right;">Page 70</p> <p>1 [Discussion held off the 2 record.] 3 BY MR. SLIFKIN: 4 Q. Okay. I apologize for the 5 technical difficulty. Let's go back to 6 where we were. 7 I take it you're familiar with 8 the fact that in the operative complaint 9 in this matter, there is a series of 10 alleged misstatements during the class 11 period? 12 A. Yes, I am. 13 Q. Okay. In your opinion, did 14 those alleged misstatements add to the 15 inflation in the price? 16 A. Add to the inflation, no. They 17 are statements that, to my understanding, 18 were false and misleading, because they 19 did not disclose the entire truth as 20 alleged by plaintiffs with respect to the 21 issues that were disclosed. 22 Q. Okay. Did you perform some 23 kind of event study analysis with respect 24 to each of those 21 alleged 25 misstatements?</p>	<p style="text-align: right;">Page 72</p> <p>1 truth was disclosed. So that's, that's 2 what I did in this particular case. 3 Q. Just to go back to my point, 4 inflation is -- withdrawn. 5 I take it under your analysis 6 there were two separate bands of 7 inflation during the class period. There 8 is the initial class period and then 9 there is later in the class period, 10 correct? 11 A. Correct. There is an increase 12 because their ownership increased. In 13 other words, I looked at the price 14 decline at the very end of the class 15 period. And then I reduced that 16 inflation because during the earlier 17 period, in the class period, the company 18 only owned 30 percent of the Shenandoah 19 as opposed to 33 percent, which was the 20 ownership at the time of the corrective 21 disclosure. 22 Q. Can you explain to us why that 23 change in ownership makes a difference 24 for you? 25 A. Well, the issue is what the</p>
<p style="text-align: right;">Page 71</p> <p>1 A. The initial analysis that I did 2 for market efficiency did look at each 3 day. But I did not -- I do not recall 4 whether or not any of those days had a 5 statistically significant price increase. 6 But I wouldn't -- given the allegation in 7 this particular case, I wouldn't 8 necessarily expect there to be any 9 increase because it relates to 10 information that was concealed throughout 11 the class period and then was disclosed 12 at the very end of the class period. 13 Q. I take it in your analysis 14 inflation during the class period is 15 flat, except for one step up, correct? 16 A. Yes. So the primary analysis 17 that I performed in this particular case, 18 was to quantify the inflation based on 19 the price decline when the alleged truth 20 was disclosed at the end of the class 21 period. 22 So in other words, very often 23 the best estimate of the impact of 24 disclosing the alleged truth is to see 25 what actually occurred when the alleged</p>	<p style="text-align: right;">Page 73</p> <p>1 ownership was at the time of the 2 disclosure. And the more the company 3 would own of Shenandoah, the more the 4 impact would be. 5 So the question then became, 6 well, what happened during the early 7 period of the class period when they own 8 30 percent and not 33 percent, shouldn't 9 they -- wouldn't the inflation be less 10 than. So I made an adjustment to account 11 for that. 12 Q. And isn't that because the 13 inflation is premised on expected future 14 cash flows? 15 A. Well, the investors make their 16 own determination that is then reflected 17 in the price decline. And, yes, that 18 would be, I mean, the value of the stock 19 is based on the present value of the 20 future cash flows. So if you own 30 21 percent versus 33 percent, there would be 22 some difference there. So the question 23 is do you make an adjustment or do you 24 not make an adjustment. And my view was 25 more conservative to make an adjustment.</p>

19 (Pages 70 - 73)

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1 And that's what I did.
 2 Q. When you say the future cash
 3 flows and you refer to 30 percent, I take
 4 it you mean the future cash flows that
 5 would be attributable to a 30 percent
 6 ownership stake of Shenandoah, right?
 7 A. Well, there are many factors
 8 that, I mean they were the operator.
 9 There may be different ways of looking at
 10 it. But I think that in this particular
 11 case, that's the numbers that I had, and
 12 so I make the adjustment based on the
 13 numbers that I had. And that is the
 14 ownership interest that they had. So
 15 that's why I made the adjustment.
 16 Q. Is it fair to say that the
 17 ownership goes from 30 percent to 33
 18 percent, so -- well, let's take it in
 19 pieces, the ownership goes from 30
 20 percent to 33 percent, right, at some
 21 point in time?
 22 A. Yes, in the -- yes.
 23 Q. So what you do is you calculate
 24 inflation at a point in time when the
 25 ownership is 33 percent, correct?

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1 A. Correct.
 2 Q. Then you reduce inflation to
 3 account for the fact that an earlier
 4 point in time the ownership interest is
 5 only 30 percent, right?
 6 A. Correct. What I want to do is
 7 to account for the fact that the
 8 ownership is less in the early part of
 9 the class period. The only numbers I
 10 have to work with is the ownership
 11 interest. So that's what I did to make
 12 that adjustment.
 13 Q. Okay. Can you go back to your
 14 report, please, paragraph --
 15 MS. JENSEN: Dan, which report?
 16 MR. SLIFKIN: I am sorry,
 17 Exhibit 503, the principal report of
 18 this date.
 19 MS. JENSEN: Got it.
 20 Q. Mr. Steinholt, can you go back
 21 to Exhibit 503?
 22 A. Correct, I have that in front
 23 of me.
 24 Q. I just can't see what's in
 25 front of you; so, yes. So can you look

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1 at paragraph 28.
 2 A. Yes, I am here.
 3 Q. Okay. So you see in paragraph
 4 28, there is an (a) through (j) of
 5 various, what you describe as material
 6 facts necessary not to make their
 7 statements misleading; do you see that?
 8 A. Yes, I do.
 9 Q. And have you done any
 10 independent analysis of each of these (a)
 11 through (j) to determine their
 12 materiality?
 13 A. No, I have not made any
 14 determination of each of these
 15 statements. I think the important one to
 16 me was the last statement, which is
 17 statement (j) which reads "Shen was more
 18 likely than not uncommercial after the
 19 result of Shen-3 and certainly not
 20 commercially viable after Shen-4."
 21 Q. I see. So if we take "the
 22 asphaltene deposition properties," can
 23 you tell me what that means?
 24 A. It has to do with a
 25 compartmentalization of the liquids,

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1 that's my understanding. But I haven't
 2 really looked into these particular
 3 issues and looked into the
 4 materialization of these particular --
 5 into the materiality of these particular
 6 issues.
 7 To me the issue is is this
 8 commercially viable or not. That's what
 9 you're trying to determine. So that's,
 10 that was kind of my focus. And a lot of
 11 these issues become too technical for me.
 12 Q. Because you said earlier on, I
 13 think, that part of your opinion has to
 14 do with materiality, right, from an
 15 economic perspective?
 16 A. Yes, yeah. In terms of the
 17 individual issues here, that is not, I am
 18 not opining on materiality of each
 19 particular issue.
 20 Looking at materiality in the
 21 context of the corrective disclosure,
 22 which I found to be statistically,
 23 resulting in a price decline that was
 24 statistically significant. The 1
 25 percent, that's certainly material.

20 (Pages 74 - 77)

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1 And so I had a discussion about
2 materiality, the way that I look at it,
3 whether or not, you know, the information
4 impacts the present value of the future
5 cash flows, that is information that is
6 typically considered to be material to
7 investors, and so on.

8 So I do touch upon materiality.
9 But if you are asking me what was the
10 materiality of one particular item here
11 in this list in paragraph 28, I have not
12 performed that analysis and it's nowhere
13 in my report.

14 Q. Right. So again, I don't want
15 to belabor this too much. Let's look at
16 (d), it says "Pressure data from Shen-3."

17 I take you haven't analyzed the
18 materiality of pressure data from Shen-3?

19 A. No, I have not --

20 Q. Right.

21 A. -- that is what you would find
22 in the other expert reports.

23 Q. Right. And again (e), you
24 haven't analyzed -- let me make it
25 easier.

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1 offering an opinion, specifically, about
2 the materiality of information regarding
3 fault compartmentalization?

4 A. Yes. In terms of, if you have
5 oil deposits that are in different
6 compartments, and you need more oil rigs,
7 I can talk about, you know, the fact that
8 the cost is going to increase and that is
9 material from an economic point of view.
10 But in terms of, you know, analyzing the
11 fault lines of the Shenandoah and
12 determining, well, this is a lot, this is
13 a little. You know, that's why you have
14 these other experts. That's not what I
15 do. I look at the numbers. I analyze
16 the economics.

17 Q. And did you analyze the
18 potential future costs of how many oil
19 rigs would be necessary for Shenandoah
20 given its geological structure?

21 A. No. That's why it's not in my
22 report.

23 Q. Now, I take it your
24 understanding is that the -- well,
25 withdrawn.

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1 (e), what is asphaltene?

2 A. It has to do with the
3 properties of the oil. And beyond that,
4 I can't really go into detail.

5 Q. Okay.

6 A. Or I certainly am not going to,
7 you know, glean my understanding of it
8 here at this deposition. Because it's --
9 I read the report. I read what they had
10 been discussing. And it's not something
11 that, you know, I am here to testify on.

12 Q. Well, similarly, if I just go
13 up, in (c), it talks about sand thickness
14 variability. I take it you're not
15 opining specifically about the
16 materiality of sand thickness
17 variability?

18 A. No. I have no opinion here. I
19 don't discuss either of those two issues
20 in my report.

21 Q. And again, right above that,
22 there is a reference to fault
23 compartmentalization. Do you see that?

24 A. Yes.

25 Q. And I take it you're not

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1 I take it your opinion is that
2 the corrective disclosure in this matter
3 was made after the close of the stock
4 market on May 2nd, 2017?

5 A. The alleged truth, by
6 definition, because it's the plaintiffs
7 who define what it is, occurred, you
8 know, it occurred after the market closed
9 on May 2nd and also includes the
10 conference call in the morning and the
11 next day. I don't really view that as --
12 I mean, that is the alleged truth in this
13 case.

14 Q. To be clear, you're not opining
15 on that, that is just what you're taking
16 from plaintiffs?

17 MS. JENSEN: Objection. Vague.

18 A. I read the complaint. And I
19 look at their allegations. And I look at
20 when that was disclosed. And that's I
21 just discussed.

22 Q. Okay. So maybe you can just
23 turn in your report, Exhibit 503, again,
24 to Exhibit B, and page 3. Actually.
25 Let's start at the top of page 2. Are

21 (Pages 78 - 81)

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1 you with me, of Exhibit B?
 2 A. Exhibit B, page 2.
 3 Q. You see the very top line is,
 4 under it says Exhibit B, "Information
 5 Relied Upon." And then it says
 6 "ConocoPhillips Form 8-K filed with the
 7 SEC on May 2nd, 2017."
 8 A. Yes, I do.
 9 Q. And if you look at the top of
 10 page 3, the first substantive entry is
 11 "May 2nd, 2017, ConocoPhillips Press
 12 Release, ConocoPhillips Reports
 13 First-Quarter 2017 Results."
 14 Do you see that?
 15 A. Yes.
 16 Q. Are the press release and the
 17 8-K the same or different?
 18 A. Well, I think that actually
 19 this is the same. I think that probably,
 20 that should refer to the 10-Q that the
 21 company filed. But they had both an 8-K
 22 -- actually, they didn't have a Q. I
 23 think it's the same. I think it's the
 24 same thing. I don't think that they
 25 filed a Q on May 2nd. So that would be

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1 the same thing, yes. Probably. As I sit
 2 here right now. I might have put it both
 3 places. You know, I have a press
 4 release. That press release also was
 5 included in the SEC filing.
 6 Q. And do you know when during the
 7 day the press release was issued?
 8 A. That press release was issued
 9 in the morning, so that was prior to the
 10 close.
 11 Q. Was it prior to the open of the
 12 markets?
 13 A. I think it was. But as I sit
 14 here right now, I don't know.
 15 Q. Is it fair to say that that
 16 information in that press release was
 17 available to the market at some point
 18 during the trading day?
 19 A. Yes, at the very beginning.
 20 Yeah, it was early in the morning.
 21 Q. Do you recall if there is any
 22 reference to Shen-6 in that Conoco press
 23 release?
 24 A. Yes. I think I discuss that in
 25 one of my reports. There is one line

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1 that talks about dry hole expense of 101
 2 million dollars and that dry hole expense
 3 would include Shen-6.
 4 Q. And do you know if there was
 5 any price reaction in the ConocoPhillips
 6 stock to that news during the trading day
 7 on May 2nd, 2017?
 8 A. There was certainly not a
 9 statistically significant price impact.
 10 Obviously, this was an earnings
 11 announcement. So there is a lot of
 12 information. We are talking about one
 13 sentence in a press release that included
 14 the company's performance during the
 15 first quarter. So the totality of all
 16 the information that was disclosed by
 17 ConocoPhillips did not, did not result in
 18 a statistically significant price
 19 movement on that day.
 20 Q. Would you agree that the
 21 information was available to the market
 22 as of the beginning of the trading day on
 23 May 2nd, 2017 that Shen-6 was a dry hole?
 24 A. You know, it may, that may be
 25 true. I think it's true. But, you know,

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1 it's a factual issue. It's just a matter
 2 of double-checking, you know, when the
 3 information came out.
 4 Q. And that is just to check
 5 exactly when this press release was
 6 issued?
 7 A. Yes, exactly.
 8 Q. Okay. Was there any
 9 statistically significant price movement
 10 of Cobalt stock during the trading day on
 11 May 2nd, 2017?
 12 A. No, I don't believe so.
 13 Q. Was there any statistically
 14 significant movement, price movement of
 15 Anadarko stock during the trading day on
 16 May 2nd, 2017?
 17 A. I do not believe so, no.
 18 Q. Okay. On May 3rd, I take it,
 19 there was a statistically significant
 20 movement in Anadarko price stock -- stock
 21 price. Sorry, let me start that again.
 22 On May 3rd, I take it, there
 23 was statistically significant movement in
 24 the Anadarko stock price, correct?
 25 A. That is correct, yes.

22 (Pages 82 - 85)

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1 Q. Okay. Was there a
2 statistically significant movement in
3 Conoco, in Conoco's stock price on May
4 3rd, 2017?
5 A. No. There was a statistically
6 significant price decline in Anadarko's
7 stock and in Cobalt stock.
8 Q. Okay. But not in Conoco stock?
9 A. That is correct.
10 MS. JENSEN: Asked and answered.
11 Q. And at that point in time, what
12 was Conoco's percentage ownership of
13 Shen?
14 A. It was 30 percent.
15 Q. And I take it the Anadarko
16 ownership was 33 percent, correct?
17 A. Anadarko's ownership was 33
18 percent, correct.
19 Q. And Cobalt's was 20 percent; is
20 that right?
21 A. I believe that's correct, yes.
22 Q. Do you recall what the market
23 cap of Cobalt was on May 3rd, 2017?
24 A. I can look it up in one of my
25 reports. I think I discussed that. It

Page 87

1 was less than 200 million.
2 Q. And what was Anadarko's market
3 cap, if you recall?
4 A. The Anadarko market
5 capitalization was 31-and-a-half billion.
6 Q. And do you recall what
7 ConocoPhillip's market cap was on May
8 3rd, 2017, or thereabouts?
9 A. They had a 57 billion market
10 capitalization.
11 Q. Now, in your report you have
12 something called the E&P Peer Group; do
13 you recall that?
14 A. Yes, I recall an E&P Peer
15 Group, yes.
16 Q. Okay. And explain to us what
17 that is.
18 A. It was a group of companies
19 that was identified by Anadarko as their
20 peers. In other words, similar companies
21 for the purposes of measuring its stock
22 price.
23 Q. Did you use that peer group in
24 your analysis?
25 A. It was -- I used it in my class

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1 certification analysis. It was the peer
2 group I used to determine and analyze
3 market efficiency.
4 Q. Did you use that peer group on
5 your, in your more recent analysis with
6 respect to causation and damages?
7 A. I analyzed the May 3rd price
8 decline using the E&P Peer Group, but for
9 the purposes of quantifying the impact of
10 the corrected disclosure or the alleged
11 truth on Anadarko's stock price, I used a
12 different peer group, because I wanted to
13 make sure that I controlled for a
14 particular issue relating to the Colorado
15 regulatory environment that would only
16 impact operators in Colorado. So I used
17 a different peer group that resulted in a
18 much smaller impact, residual return or
19 company-specific return on March -- I am
20 sorry, on May 3rd, 2017. In other words,
21 the inflation is much lower using that
22 what I call Colorado Peer Group as
23 opposed to the E&P Peer Group.
24 Q. The E&P Peer Group was
25 something that Anadarko itself had

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1 described in its SEC filings prior to
2 this litigation, correct?
3 A. That's correct. Every company
4 has to provide a performance graph of
5 their stock price versus that of the
6 market and the industry. And in doing so
7 Anadarko came up with a peer group, which
8 were really large companies similar to
9 Anadarko that then they used to compare
10 their own stock price.
11 Q. And was ConocoPhillips in that
12 E&P Peer Group?
13 A. Yes, it was.
14 Q. And was Cobalt in that E&P Peer
15 Group?
16 A. No, it was not.
17 Q. And you used that E&P Peer
18 Group in your initial report with respect
19 to class certification; is that right?
20 A. I used it in order to analyze
21 market efficiency, yes.
22 Q. Okay. So I am looking still at
23 Exhibit 503, which is your report with
24 respect to causation and damages. And I
25 am looking at paragraph 44. I just want

23 (Pages 86 - 89)

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1 to make sure I got this straight.
 2 A. Yes.
 3 Q. Are you with me at paragraph
 4 44?
 5 A. I am at page 22, paragraph 44,
 6 yes.
 7 Q. In the carryover sentence you
 8 wrote "I found that using the S&P 500
 9 Index in combination with the Colorado
 10 Peer Group Index explained more than 75
 11 percent of the price movements in
 12 Anadarko's stock price. While using the
 13 S&P 500 Index in combination with the E&P
 14 Peer Group Index explained approximately
 15 73 percent."
 16 Right; is that right?
 17 A. Yes, that's correct.
 18 Q. And so explain to me what you
 19 mean by like "explained approximately
 20 percentage of price movement" like in
 21 layperson's language?
 22 A. It relates to what's called the
 23 variance. The variance is as the stock
 24 price goes up and down and up and down.
 25 And let's, for argument's sake, say that

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1 it goes up 1 percent and down 1 percent
 2 and up 1 percent and down 1 percent. You
 3 would, by using this index, actually,
 4 both the market and the industry index,
 5 you could reduce the variation, plus,
 6 minus 1 percent -- you could reduce it by
 7 73 percent, because it's explained by the
 8 market and the industry index.
 9 So now you only have the
 10 company specific portion left. Which if
 11 the, if the regression explains 73
 12 percent, that means that there is 27
 13 percent unexplained by the regression.
 14 And that is what we call the
 15 company-specific price movements.
 16 So in my example, which is a
 17 very simplistic example, the stock price
 18 increases by 1 percent, decreases by 1
 19 percent. And after you control for the
 20 market and the industry, what would be
 21 remaining and what would be unexplained
 22 would be the company specific portion,
 23 which would be an increase of 0.27
 24 percent, a decrease of 0.27 percent.
 25 Q. So in your opening class cert

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1 brief -- sorry, let me start again.
 2 In your opening class
 3 certification report, Exhibit 10, you use
 4 the S&P 500 and the E&P Peer Group; is
 5 that right?
 6 A. Correct. In order to look at
 7 company-specific price movements and
 8 reaction to company-specific price
 9 movements to see, to analyze better
 10 whether the market was efficient or not.
 11 Q. And then in your rebuttal
 12 report on the class cert, Exhibit 504,
 13 you used something you call, I believe, a
 14 Colorado Peer Group; is that correct?
 15 A. I believe I did something
 16 similar to that as well. If you want me
 17 to take a look at it.
 18 Q. Yes, if you look at Exhibit
 19 504, at page 28, footnote 103.
 20 A. Yes.
 21 Q. So then in your rebuttal report
 22 on class cert, you use the Colorado Peer
 23 Group, that's Noble Energy, PDC Energy
 24 and SRC Energy; is that correct?
 25 A. That's correct, yes.

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1 Q. And how did you pick those
 2 companies?
 3 A. Well, I looked at the analyst
 4 -- well, a couple of reasons. They were
 5 the -- I was addressing a particular
 6 issue raised by defendants' expert. And
 7 he had selected those four companies as
 8 evidence that the E&P Peer Group that I
 9 used did not control for a very
 10 particular issue, and that had to do with
 11 the regulatory environment in Colorado
 12 following an explosion, this is referred
 13 to as the Firestone explosion. And he
 14 provided evidence that demonstrated that
 15 this regulatory issue explained a
 16 portion -- although he may have claimed
 17 that it explained all of it -- the
 18 evidence would indicate that this
 19 particular issue would explain a portion
 20 of Anadarko's price decline on May 3rd of
 21 2017.
 22 Q. Okay. So I think you just said
 23 four companies, but I only listed three
 24 companies. Noble, P --
 25 A. Well, in fact, I did four

24 (Pages 90 - 93)

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1 different regressions. I had two at four
2 companies and two at three companies.
3 And the one I discussed right here only
4 used the three companies because I wanted
5 to keep it consistent in terms of the
6 control period with the work that I had
7 already done. So I felt kind of
8 constrained on that particular issue.

9 In my report, my expert report,
10 I included all four. It's the more
11 conservative approach, because it
12 includes extraction of oil and gas as
13 well. So the Colorado Peer Group that I
14 have in the expert report actually comes
15 in with a lower inflation because I used
16 all four companies.

17 It doesn't really matter in
18 terms of the statistical significance,
19 which is what I addressed in my rebuttal
20 report. Although I did four different
21 analyses to demonstrate, it doesn't
22 matter. When it comes to the
23 quantification of inflation, it does
24 matter. Because, you know, one comes up
25 with a higher inflation than the other.

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1 And I picked the most conservative one,
2 which was to include all four companies.

3 Q. Okay. So let me just -- when
4 you say your report, I think you shifted
5 to talk about Exhibit 503, which is your
6 causation and damages report?

7 A. Yes, I thought that your
8 question is why is there four companies
9 in that, in my, in Exhibit 503, and in
10 this particular footnote 103 there are
11 three companies. And so that is why I
12 kind of explained why. And in fact that
13 in the rebuttal report, I actually did
14 run it with four companies as well,
15 because I was looking at statistical
16 significance and only statistical
17 significance, not the magnitude. It
18 didn't make a difference. In Exhibit 503
19 it does make a difference. And I chose
20 the most conservative approach which has
21 the lower inflation and consequently the
22 lower damages.

23 Q. Just to be clear, in Exhibit
24 20, your class cert report, you used the
25 E&P group which was out of Anadarko's

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1 securities files, right?

2 A. Correct.

3 MS. JENSEN: Objection.

4 Q. And in Exhibit 504, looking at
5 footnote 103, which is your class cert
6 rebuttal report, you used a three-member
7 Colorado Peer Group excluding extraction
8 O&G, right?

9 A. No, I looked at both.

10 Q. But in footnote 103 it says
11 "The Colorado Peer Group included the
12 following three of the four companies,
13 extraction O&G was not included."

14 I read that correctly; did I
15 not?

16 A. Well, you didn't read the
17 entire footnote. The last sentence is
18 "Including extraction O&G for a shorter
19 control period would not have changed the
20 determination of statistical
21 significance."

22 So I kept the control period
23 the same, which was one year. It doesn't
24 matter whether or not I -- I kept it to
25 be consistent with my first report,

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1 that's what I was explaining earlier.

2 But that doesn't mean that I ignored the
3 fourth company. I also did it with the
4 fourth company and it had no impact on
5 statistical significance, which is what I
6 was analyzing in that particular report.

7 Now, with respect to Exhibit
8 503, now we have the quantification of
9 the impact, in other words, the dollars
10 and cents. So now you have to make a
11 determination.

12 And so, as I stated earlier, I
13 decided on a conservative report, which
14 is a shorter control period, including
15 because that's all I have available when
16 I include O&G.

17 So I have a shorter control
18 period, which is not my preferred way of
19 doing it. But the benefit of it is that
20 I also include O&G. The result of it is
21 that inflation, my quantification of the
22 inflation, is slightly less than it would
23 have been had I only used the three
24 companies.

25 Q. Okay. And so as we covered

25 (Pages 94 - 97)

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1 then in paragraph 44 of your causation
2 and damages report, Exhibit 503, if
3 instead of using S&P 500 and the E&P Peer
4 Group, you used the S&P 500 and the
5 four-member Colorado Group, you go from
6 73 percent to 75 percent; is that
7 right?

8 A. Correct. That has to do with,
9 you know, how much is explained by the
10 regression during the control period,
11 yes.

12 Q. Now, in footnote 56 on page 23
13 of Exhibit 503, you say you could have
14 done a three-factor regression including
15 the S&P 500, the E&P Peer Group, and the
16 Colorado Peer Group and that would have
17 had a, what you call "The best fit, 81
18 percent." Do you see that?

19 A. Correct, yes.

20 Q. Can you explain to us what you
21 mean by best fit?

22 A. It would provide a predicted
23 return during the control period that
24 fits the actual return the best.

25 Q. And that 81, is that the same

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1 kind of analysis as the 73, 75, 81?

2 A. Correct. Relates to the
3 variance, yes. It would explain more
4 during the control period. My point is,
5 it wouldn't explain more in terms of the
6 price decline on May 3rd. And in this
7 case, I opted for the peer group that
8 explained more of the price decline on
9 May 3rd. In other words, the Firestone
10 issue, the Colorado regulatory
11 environment factor.

12 Q. So explain to us what the
13 difference is between the one you used,
14 the 75 percent model, and the 81 percent
15 model. What would the difference have
16 been for May 3rd?

17 A. The 81 percent model, what
18 you're calling an 81 percent model, is
19 what's called a three-factor model. So
20 in other words, it would include the S&P
21 500. It would include the E&P Peer
22 Group. And then it would include the
23 Colorado Peer Group.

24 So you would have three factors
25 as inputs to the regression to try to

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1 explain the changes in Anadarko's stock
2 price. And that works well during the
3 control period. It reduces -- it
4 explains the most, out of the models, out
5 of Anadarko's stock price, during the
6 control period. But we have a unique
7 situation in this particular case in that
8 we have this Colorado issue. And what I
9 wanted to do was to make sure that I
10 controlled for the Colorado issue.

11 Consequently, I chose the
12 regression that best explained the May
13 3rd price decline the most which resulted
14 in the lowest inflation and also the
15 lowest damages. But that was the basis
16 for choosing the Colorado Peer Group.

17 Q. And if you had done the
18 three-factor regression, what would the
19 inflation have been, or did you not do
20 that analysis?

21 A. Well, I did the calculations.
22 I don't remember what that would be. I
23 don't think I referenced it anywhere.
24 But it certainly would be larger than the
25 \$1.92 inflation that I use.

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1 Q. If you look at the carryover on
2 paragraph 45 on your report, which is on
3 page 23 and carries over onto page 24.
4 And again, that's Exhibit 503; if you
5 look at that.

6 A. Yes.

7 Q. And you refer to -- this is the
8 sentence that carries over to page 24,
9 you refer to "A decline of \$1.92 per
10 share." Do you see that?

11 A. Correct, yes.

12 Q. "Or reduction of Anadarko's
13 market capitalization by 1 billion 75
14 million dollars."

15 Do you see that?

16 A. Correct, yes.

17 Q. So is market capitalization
18 reduction a surrogate for damages?

19 A. I don't know if there was a
20 special meaning of surrogate, but, no,
21 it's not the same as damages, no.

22 Q. Because not every share that is
23 counted for market capitalization is
24 purchased during the class period and,
25 therefore, aren't eligible for damages, I

26 (Pages 98 - 101)

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1 take it?
 2 MS. JENSEN: Objection to form.
 3 A. Yes. I mean that's one reason.
 4 Another reason is that inflation is not
 5 the \$1.92 during the entire class period.
 6 Q. And so you refer to this market
 7 capitalization reduction, but that's not
 8 a damages number that you're putting out,
 9 I take it?
 10 A. That's correct. I mean it
 11 would be less than 1 billion 75 million.
 12 Aggregate damages in this particular case
 13 would be less than that number.
 14 Q. Have you done a calculation of
 15 what aggregate damages in this matter
 16 would be?
 17 MS. JENSEN: Objection to the
 18 extent that it's beyond scope.
 19 A. I don't recall as I sit here
 20 right now. I may have.
 21 Q. Okay. Do you have any
 22 understanding as to what maximum
 23 aggregate damages might be?
 24 MS. JENSEN: Same objection.
 25 A. What maximum aggregate damages

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1 could be. Well, I think that maximum
 2 aggregate damages recently would be that
 3 1 billion and 75 million. But I mean
 4 there is -- I don't want to get into too
 5 much complexity in terms of how things
 6 work. But I think that, I am fairly
 7 certain that actual damages, if every one
 8 showed up to claim, would be less than 1
 9 billion and 75 million. I mean without
 10 getting into the complexity. I think
 11 it's a reasonable number to say that it's
 12 not going to be more than that number.
 13 And, of course, this is before
 14 prejudgment interest and all of that
 15 stuff.
 16 MR. SLIFKIN: Why don't we take
 17 a break because I would like to use
 18 the restroom, if that's okay with
 19 everybody?
 20 THE VIDEOGRAPHER: The time is
 21 11:59, and we are going off the
 22 record. This will end media unit
 23 number 2.
 24 [Off the record.]
 25 THE VIDEOGRAPHER: Time is 12:13

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1 p.m., and we are back on the record.
 2 This will be the start of media unit
 3 number 3.
 4 BY MR. SLIFKIN:
 5 Q. Okay, Mr. Steinholt, let's go
 6 back to your causation and damages
 7 report, Exhibit 503. Are you with me?
 8 A. Yes.
 9 Q. And let's zip on forward to
 10 paragraph 49.
 11 A. Yes, I am here.
 12 Q. So in your first sentence you
 13 talk about the value of an investment
 14 being based on the expected future cash
 15 flows including the timing and associated
 16 risk of such cash flows. Do you see
 17 that? And I think we've spoken about
 18 that already.
 19 A. Yes.
 20 Q. And explain to me what you mean
 21 by cash flows?
 22 A. It's the actual cash that goes
 23 to the -- technically, it's the actual
 24 cash that goes to the investor. But
 25 generally what we use is, we look at the

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1 earnings as a proxy for cash flows very
 2 often. So it is basically the, we value
 3 a company by looking at the earnings that
 4 that company is generating and the
 5 present value of those earnings back to
 6 today, in order to come up with the value
 7 of the company.
 8 Q. Okay. And so, again, when you
 9 say earnings, you mean very roughly
 10 revenues minus costs?
 11 A. Yes. I think it's easier just
 12 to look at it very simplistic. And I
 13 think that's a good way of looking at it.
 14 You have X amount of revenues and it cost
 15 you Y. So the cash flows or earnings is
 16 the difference between the two.
 17 Q. So have you actually formed an
 18 opinion as to what the value in dollar
 19 terms was of the Shenandoah project at
 20 the start of the class period?
 21 A. No, I have not performed a
 22 valuation of the Shenandoah. What I had
 23 done is to analyze the price impact of
 24 the corrective disclosure, the disclosure
 25 of the alleged truth.

27 (Pages 102 - 105)

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1 Q. Okay. Did you perform a
2 valuation of Shenandoah after the
3 corrected disclosure?
4 A. No, I have not performed a
5 valuation of the Shenandoah after or
6 before the corrective disclosure.
7 Q. So to be clear, you didn't do
8 it at the beginning of the class period.
9 You didn't do at the end of the class
10 period. I assume you didn't perform a
11 valuation of Shenandoah at any point
12 during the class period?
13 A. Well, I mean I looked at the --
14 no, I have not performed a valuation of
15 the Shenandoah specifically during the
16 class period. What I've looked at is the
17 corrected disclosure, which is the
18 suspension of appraisal activities as
19 they are reassessing the resource and
20 which relates to the economic viability
21 of the Shenandoah. And I used that as
22 the estimate of the inflation throughout
23 the class period.
24 Q. So if you look at the bottom of
25 the text, right above the footnote, on

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1 page 26, and onto page 27, you refer to a
2 couple of analyst reports; do you see
3 that?
4 A. Yes, I looked at a couple of
5 analyst reports to see what the potential
6 value could be. What they believed the
7 potential value could be.
8 Q. So you looked at KLR, do you
9 see that, KLR Group --
10 A. Yes.
11 Q. -- footnote 69?
12 A. Yes.
13 Q. Who is KLR Group?
14 A. It's just an entity that issued
15 analyst reports during the class period.
16 Q. Okay. And you wrote "If
17 successfully sanctioned, the value could
18 be higher than one analyst estimating \$5
19 per share." And that's your reference to
20 KLR, right?
21 A. Correct. That is the
22 potential. It's not what the value was
23 at that point in time. But that gives an
24 indication of what it potentially could
25 be worth.

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1 Q. What did you mean by "If
2 successfully sanctioned"?
3 A. I think that that's exactly
4 what the analyst stated. So that's
5 probably where I got the actual
6 terminology.
7 But in my mind, that would mean
8 if, in fact, this was a viable field that
9 was sanctioned, in other words, what was
10 developed was determined to be viable
11 economically and developed, then this
12 would add value to Anadarko's stock price
13 potentially to the tune of \$5.
14 Q. Okay. And then you refer to
15 Capital One, do you see that, that's the
16 next sentence in this footnote 70?
17 A. Yes.
18 Q. And to be clear, Capital One
19 Securities. And who are Capital One
20 Securities?
21 A. That's another research firm
22 that issues analyst reports throughout
23 the class period.
24 Q. And then you refer to potential
25 value, do you see that, right at the top

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1 of paragraph -- sorry, page 27?
2 A. Yes, page 27. And at the very
3 top there, I refer to it as potential
4 value. In other words, they are not
5 saying that is the value, in fact. You
6 know, they had a different take on how to
7 interpret Shen-3, for instance. But
8 potentially, that is what the value could
9 be. I think it was based on a billion
10 barrel of oil equivalents, if that was
11 the size of the resource, and then
12 multiply that by some factor based on how
13 profitable you think that the resource
14 will be in the future. And that's how
15 you come up with the 3.6 billion or \$7
16 per share.
17 Q. And did you, in your review of
18 analyst reports, did you come across any.
19 That placed no value per share?
20 A. No value? I don't think that
21 -- typically when an analyst, what
22 analysts will do is to come up with a
23 target price. And certainly there were
24 analysts that would say that, I think
25 J.P. Morgan, if I recall correctly, would

28 (Pages 106 - 109)

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1 say something along the line because of
2 the risk involved in this particular
3 field, we are not going to include it in
4 our valuation. Which then would inform
5 the reader that while there is a
6 potential upside here, because it's not
7 included in the target price. But that
8 doesn't mean that it doesn't have -- just
9 because they don't value the potential
10 upside, it doesn't mean that the
11 potential upside doesn't have value.

12 So I am not sure if there were
13 anyone who actually said it had zero
14 value. That would be kind of strange,
15 because that would imply that the company
16 is, that would be a significant negative
17 for the company, given that they are
18 spending hundreds of millions of dollars
19 developing this or appraising this field.
20 So it would be a significant negative,
21 if, in fact, investors thought that the
22 potential value of this field was zero.
23 Q. But there were analysts, I
24 think you said, that did not include Shen
25 in their valuation?

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1 A. Yes. Part of it has to do with
2 the valuation model. Do you only include
3 the provable fields? And, for example,
4 the most simplistic valuation model may
5 be the commonly used valuation model,
6 maybe the price earnings model, and you
7 look at both what the peers are trading
8 at. Maybe they are trading at 15 times
9 next year's earnings. And that's what
10 you use in your valuation. But that
11 doesn't mean that two years from now
12 their earnings are irrelevant. So it
13 depends on how detailed the valuation
14 model that, that you are using is. But
15 certainly, you can come up with a range
16 of values with respect to Shenandoah in
17 this particular case.

18 I was looking in the section
19 that you were referring to. I was kind
20 of looking at what the potential could
21 be. So that's what 5 to \$7 would
22 represent. That's kind of high end. And
23 of course, if it's not sanctioned, then,
24 you know, it is zero.

25 Q. And during the class period,

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1 there had never been a sanction of
2 Shenandoah; has there?

3 A. No. I mean that was what they
4 were appraising, right? When I say
5 sanctioned, I mean, you know, the final
6 investment decision, the FID, so that's
7 basically what you would look at. The
8 company making, making the decision to
9 develop the field and they did not make
10 that decision during the class period.

11 To the contrary, they suspended their
12 appraisal of the field on May 2nd, 2017.

13 Q. So a moment ago you used the
14 phrase "provable fields," what did you
15 mean by that?

16 A. Well, some analysts look at oil
17 fields and categorize them. Some are
18 provable. They are generating oil. They
19 have gone through the process. You have
20 probable fields. And then you have
21 possible fields. So those are different
22 categorizations of different fields.

23 So Shenandoah had not been
24 sanctioned. They had not made a decision
25 to develop it yet. So, you know, the

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1 resource size and all of the appraisal
2 work that would be needed in order to
3 take that step had not been completed.
4 Q. So in that categorization of
5 provable, going through the process,
6 possible, where in your understanding did
7 Shenandoah fit?

8 MS. JENSEN: Objection to form.

9 A. I can only talk about what
10 their analysts reported. And the analyst
11 report that I had in mind put it in
12 probable.

13 Q. And the one you have in mind is
14 which one?

15 A. I don't recall off the top of
16 my head if that was, if that was UBS.
17 Yeah, there are just so many analyst
18 reports, that I can't really -- but it
19 certainly would be -- I think it was UBS,
20 but I can't be 100 percent certain.

21 Q. Okay. But these analysts, we
22 can go-see for ourselves what the
23 analysts said during the period, right?

24 A. Yes.

25 Q. And I this you said earlier

29 (Pages 110 - 113)

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1 that there must be something like a
 2 thousand analyst reports?
 3 A. There is a lot.
 4 Q. During the period? Yeah. And
 5 you, I take it, looked at many of them?
 6 A. I looked at a lot of them, yes.
 7 Q. Okay. Can we just go back to
 8 paragraph 49 of Exhibit 503. Just the
 9 sentence -- so there is a sentence about
 10 book value on page 26; do you see that?
 11 A. What page are you on?
 12 Q. 26.
 13 A. Sorry. Okay.
 14 Q. Right before the two sentences
 15 I was asking you about, you say "While
 16 book value is an accounting measure"; do
 17 you see that?
 18 A. Yes, exactly.
 19 Q. Okay. Did you go look at the
 20 book value of Shen on the books of
 21 Conoco?
 22 A. I looked at the book value in
 23 2007 -- I think, January and March of
 24 2017. And the one that I reference is
 25 the one that was closest to the end of

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1 the class period. I think it says here
 2 footnote 67, actually, I don't see it
 3 here, but I thought it was the book value
 4 as of May 31st, 2017.
 5 Q. So I am a little bit confused.
 6 In your answer you said 2007. And then
 7 you said 2017. So what year are we
 8 talking about?
 9 A. 2017. I misspoke when I said
 10 2007.
 11 Q. Okay. And if you look at
 12 footnote 67, you refer to Shenandoah book
 13 value as of March 31st, March 31st, 2017;
 14 do you see that?
 15 A. Yes. Yes. That's what I was
 16 looking for.
 17 Q. Okay. And my question was
 18 actually slightly different. It was did
 19 you go and look at the book value of
 20 Shenandoah on the books of Conoco?
 21 A. No, I do not.
 22 Q. And did you go and look at the
 23 book value of Shenandoah for Cobalt?
 24 A. No, I did not. But both of
 25 those would have been reflected in their

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1 respective write-offs.
 2 Q. Did you look at the book value
 3 of Shenandoah for Marathon?
 4 A. No, I did not. I don't know if
 5 that would have been publicly available.
 6 I do know that the, both for Conoco and
 7 for Cobalt, that write-offs would be a
 8 reflection of what they had Shenandoah on
 9 the books at.
 10 So I don't think that that
 11 would be -- that is something that I may
 12 even have referenced in one of my
 13 reports, but I didn't go to internal
 14 documents of those two companies to look
 15 at book value, other than what was
 16 publicly disclosed toward the end of the
 17 class period.
 18 Q. Okay. So why don't we now --
 19 let me ask you a couple of questions
 20 about Exhibit 504, which is your rebuttal
 21 report.
 22 A. Yes.
 23 Q. Okay. And I am going to refer
 24 you to paragraph 27 on pages 16 and 17.
 25 Are you with me?

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1 A. Yes.
 2 Q. Okay. The sentence in the
 3 bottom of page 16 on the text, you write
 4 "Anadarko on the other hand was very
 5 involved in deep water exploration and,
 6 as one analyst stated, the Shenandoah
 7 write-off does take away from APC's
 8 premium for exploration, which is gone,
 9 and no longer in our price target."
 10 And then you go on and talk
 11 about "While ConocoPhillips' working
 12 interest 30 percent was almost as high as
 13 that of Anadarko," and then you refer to
 14 something called "a control premium."
 15 Do you see that?
 16 A. Yes.
 17 Q. Is it your testimony that there
 18 was a control premium in the valuation --
 19 withdrawn.
 20 Is it your testimony that there
 21 was a control premium given Anadarko's
 22 relative involvement in the Shenandoah
 23 that was reflected in the Anadarko stock
 24 price?
 25 A. My testimony is that being the

30 (Pages 114 - 117)

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1 operator provides you with certain
 2 control. That control has value. And so
 3 that's what I pointed out here.
 4 Q. Do you believe that's reflected
 5 in -- that was reflected in the inflation
 6 in the stock price?
 7 A. It reflected in the inflation?
 8 I, you know, I don't -- I am not quite
 9 sure how you would -- if you want an
 10 empirical test of that, all I can say is
 11 that, you know, if you were to value the
 12 Shenandoah, you would take into account
 13 the fact the control that they would have
 14 over decisions relating to the field.
 15 That's how you would value it.
 16 And do I believe it's reflected
 17 in how investors valued it? Yes. But
 18 it's not something that you can, you
 19 know, necessarily empirically test, You
 20 know. But theoretically, yes. I mean
 21 there is a value to having control, of
 22 course.
 23 Q. So is that the same thing, is
 24 it premium for exploration that you cite
 25 in the prior sentence that I read to you?

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1 A. No, that's a different issue.
 2 You have two different companies, and
 3 they are pursuing two different
 4 strategies.
 5 Anadarko is pursuing a
 6 strategy, where deep water drilling is a
 7 big part of, or an important part of what
 8 they are trying to excel at. And
 9 ConocoPhillips, on the other hand, does
 10 not view or is effectively exiting that
 11 space. They are getting out of deep
 12 water drilling.
 13 So the results that relate to
 14 how successful Anadarko is related to
 15 deep water drilling, would have a greater
 16 impact on Anadarko's stock price than --
 17 particularly since they are the operator,
 18 because this is a little bit of a
 19 different issue -- than for
 20 ConocoPhillips. Because for them this is
 21 an investment that they are, you know, in
 22 an area that they are effectively
 23 leaving.
 24 Q. And so this reference to a
 25 premium for exploration, that's a quote

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1 from an analyst report; am I right?
 2 A. Yes. That is an analyst that
 3 talks about his, his interpretation of
 4 the, or his evaluation of Anadarko having
 5 a premium because of their perceived
 6 success with respect to deep water
 7 drilling. And then eliminating that
 8 premium as a result of the Shenandoah
 9 disclosure.
 10 Q. And then that is Wolf Research.
 11 And who is Wolf Research?
 12 A. That's another research firm
 13 that provided analyst reports during the
 14 class period.
 15 Q. Okay. And did you seek to
 16 quantify that exploration premium?
 17 A. No, the point of this
 18 particular section is to demonstrate that
 19 an investor or the value of Shenandoah
 20 to, as perceived by investors, could be
 21 very different with respect to
 22 ConocoPhillips than with respect to
 23 Anadarko, given the fact that Anadarko
 24 was so involved in deep water drilling.
 25 It was a big part of what the company was

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1 doing. And because they were the
 2 operator, so they have a lot more
 3 control.
 4 Other things that I mentioned
 5 here is, of course, the market
 6 capitalization of the two companies were
 7 different. ConocoPhillips was a much
 8 larger company.
 9 So these are things that one
 10 would look at in addition to the fact
 11 that, you know, they had a different
 12 working interest in the Shenandoah.
 13 These are things that one would
 14 look at in order to determine what value
 15 Shenandoah had to respective companies.
 16 Q. All right. So on this control
 17 premium point, you said as operator of
 18 the project Anadarko had, what, a greater
 19 say than the other participants; is that
 20 fair?
 21 A. Quite frankly it was Anadarko
 22 who decided to stop the appraisal of
 23 Shenandoah. It was not some of the other
 24 owners. So they have a greater say. And
 25 whenever you can make these decisions,

31 (Pages 118 - 121)

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1 that has value, because you can make
 2 decisions that are in your best interest.
 3 And maybe something that is in your best
 4 interest is not necessarily in the best
 5 interest of the other partners.
 6 Q. Okay. So Anadarko was able to
 7 decide not to pursue further exploration
 8 in Shenandoah, right?
 9 A. That was a decision that was
 10 made by, made by Anadarko.
 11 Q. And did all the partners in
 12 Anadarko agree with that decision?
 13 MS. JENSEN: Objection, to the
 14 extent it calls for speculation.
 15 Beyond the scope.
 16 A. Well, all I can say is that
 17 based on my reading of the reaction by
 18 Cobalt, they were not overly happy.
 19 Because during this period of time, they
 20 were trying to sell their interest in
 21 Shenandoah, so it certainly didn't help
 22 them.
 23 Q. Other than this decision to
 24 terminate, what other valuable benefit
 25 did Anadarko get from its control?

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1 A. I am not sufficiently close to
 2 the specifics and to the operation of the
 3 Shenandoah oil field. They are the
 4 operator. So certainly there are
 5 decisions that they can control that is
 6 within their purview. But it's not
 7 something that I have spent a lot of time
 8 investigating. But I did think it was
 9 interesting that there was a --
 10 Q. Well --
 11 MS. JENSEN: Dan, I think he was
 12 continuing to answer.
 13 MR. SLIFKIN: I am sorry.
 14 A. I did think it was interesting
 15 that there clearly was a difference in
 16 terms of this disclosure to suspend
 17 Shenandoah, at least between Anadarko and
 18 Cobalt.
 19 Q. Okay. So other than the
 20 decision to suspend, are you able as you
 21 sit here today, to identify any other
 22 aspects of this control?
 23 MS. JENSEN: Asked and answered.
 24 He's already given you an answer.
 25 A. Without going in and

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1 investigating exactly how it was
 2 operated, and so on, I cannot go into
 3 more detail. But I think that whether or
 4 not to suspend the appraisal is quite an
 5 important decision.
 6 Q. Let's go back to Exhibit 503.
 7 So can you go to page 13, paragraph 30?
 8 A. Yes.
 9 Q. So in footnote 28, you talk
 10 about or you say how "It's reasonable to
 11 assume that new and material information
 12 is incorporated into a stock price within
 13 one day."
 14 Do you see that?
 15 A. Yes.
 16 Q. By one day, do you mean one
 17 trading day?
 18 A. Yes, correct. And when I did
 19 my analysis I looked at the changes in
 20 the stock price from a daily basis from
 21 closing price to closing price. And that
 22 is the customary way of doing it.
 23 Q. So if information is released,
 24 say in the morning, before the stock
 25 market opened, would you assume that

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1 information had been fully incorporated
 2 into the price by the end of the trading
 3 day?
 4 MS. JENSEN: Objection, vague.
 5 A. As I stated here in the
 6 footnote, that that is a reasonable
 7 assumption.
 8 Q. So I mean to be clear, so the
 9 New York Stock Exchange opens at 9:30
 10 a.m. Eastern Time and closes at 4 p.m.
 11 Eastern Time. Are you with me?
 12 A. Yeah.
 13 Q. Okay. So if information is
 14 released at 10 a.m., would you expect the
 15 information to be incorporated into the
 16 price by 4 p.m. that day or would we have
 17 a to wait until 10 a.m. the next day?
 18 MS. JENSEN: Objection, form.
 19 Objection, to the extent it calls for
 20 speculation.
 21 A. In an efficient market, what
 22 would happen is that that information
 23 would be reviewed and analyzed and
 24 incorporated into the stock price
 25 throughout the day. And typically, it

32 (Pages 122 - 125)

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1 would be reflected, fully reflected in
2 the stock price by the end of the day.
3 There were situations where,
4 you know, you have information disclosed
5 and it takes time to analyze the
6 information, and maybe there is
7 additional information that is also
8 released later on. So you can have
9 complex disclosures that are not this
10 simple. I don't think that that really
11 applies in this particular case to the
12 information that was released.

13 I think doing it, doing the
14 analysis on a close by close, in other
15 words, close of trading in one day to the
16 close of trading on the next day, works
17 very well in this particular case.

18 Q. All right. So if information
19 is released after the close of the stock
20 market, so after 4 p.m. on any given
21 trading day, would you assume that that
22 information has become reflected in the
23 price at the open the next day, or would
24 you wait for the close the next day?

25 A. No, you would wait for the

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1 close. You would want to have a full day
2 of trading. Sometimes the open price is
3 like in an anomaly, typically, people
4 like to go by the closing price. That's
5 not to say you can't go by the open
6 price. People certainly have done that,
7 if that is the way that you want to do
8 it.

9 But typically, what you want to
10 do is to have a full day of trading and
11 then look at the closing price and use
12 the closing price to closing price. I
13 think that's the common way of doing it.
14 And that ensures that everything,
15 including analyst commentary, and so on,
16 as has been, has been out there. So I
17 would go by the close to close. I would
18 not go by the close to open.

19 Q. So if I were to suggest to you
20 that the better view is that information
21 released after the -- after the end of
22 the closing day is impounded in the price
23 the next morning, you would disagree, I
24 take it?

25 A. Yes. Because you have to -- I

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1 mean you have to think of it this way. I
2 mean, the big players, the ones with a
3 lot of money, and so on, typically trade
4 during the day.

5 And so what you want to do is
6 to have, have the information analyzed
7 and have the trading. And that also
8 would allow for, you know, analyst
9 commentary and thoughts, and so on, to be
10 a part of the public mix of information.

11 I can't think of -- as I sit
12 here right now, I can't think of a single
13 case where somebody would go from a
14 closing price to an open price. It could
15 be informative but, you know, it's not
16 what I would do.

17 In fact, in this case, you
18 know, we also have off-the-market trading
19 that kind of starts trending down
20 following that initial, the initial
21 announcement of the earnings, and still
22 went to the closing price the next day to
23 follow the standard way of doing it, and
24 to make sure that everything is
25 incorporated into the stock price.

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1 I think that's the much better.
2 Following the standard way of doing it,
3 is the best way of doing it.

4 MR. SLIFKIN: Okay. Would it be
5 okay to now -- I am mindful of the
6 fact that it is now 12:50 p.m. in
7 California, and 3:50 here on the East
8 Coast.

9 So is this an okay -- you said
10 let's do a short one and then take a
11 lunch. Would this be a good time to
12 take maybe a half an hour break or
13 whatever you prefer. I have some more
14 materials to cover, and I think if I
15 take a break I can make it shorter.

16 THE VIDEOGRAPHER: Time is
17 12:51, and we are going off the
18 record.

19 [Off the record.]

20 THE VIDEOGRAPHER: The time is
21 1:25 p.m., we are back on the record.
22 BY MR. SLIFKIN:

23 Q. I think you talked about the
24 aftermarket -- the price movement in the
25 aftermarket; do you recall that?

33 (Pages 126 - 129)

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1 A. Yes.
 2 Q. I take it you analyzed the
 3 market for Anadarko stock during the
 4 class period and found it to be
 5 efficient?
 6 A. That's correct, yes.
 7 Q. And that's on a close-to-close
 8 basis?
 9 A. And sufficient in context of
 10 reliance using the standard Cammer and
 11 Krogman factors that we used, yes.
 12 Q. Did you separately analyze the
 13 aftermarket to determine whether the
 14 aftermarket was efficient?
 15 A. Well, the Cammer and Krogman
 16 factors are not really suited to do that
 17 type of an analysis.
 18 On one hand, you can say you
 19 have the same number of analysts covering
 20 the stock, for instance. You can look at
 21 things such as institutional investor.
 22 It's going to be the same. So some of
 23 these factors are exactly the same. But
 24 it's not particularly designed to
 25 determine whether or not the stock prices

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1 react quickly to new information.
 2 What I observed is that, in the
 3 case of Anadarko, it did react, there was
 4 a quick reaction to that, the information
 5 that was released, the earnings
 6 announcement that was released. And I
 7 mention that in my report. So there is
 8 evidence that investors reacted quickly
 9 to that information.
 10 But in terms of actually
 11 quantifying price impact, I used the
 12 close to close, the standard way of
 13 looking at it. And that's what I used in
 14 order to quantify the inflation. So I am
 15 not quite sure in terms of what type of
 16 analysis would be required in a reliance
 17 context to analyze aftermarket trading.
 18 Q. Let's focus in on the
 19 aftermarket trading in Anadarko stock
 20 that took place on, I believe, May 2nd,
 21 2017. Are you with me?
 22 A. Yes.
 23 Q. What was the volume, what was
 24 the trading volume in the aftermarket
 25 that day as compared to the subsequent

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1 trading day, May 3rd, 2017?
 2 A. I don't know.
 3 Q. Do you know if it was more or
 4 less?
 5 A. You mean aftermarket trading
 6 volume?
 7 Q. Yes.
 8 A. I have not analyzed anything
 9 other than the data that was provided to
 10 me by the defendants' expert, which was
 11 the aftermarket trading on May 2nd of
 12 2017. It was something that he brought
 13 up. And when I looked at it, it was
 14 clear that exactly at the time of the
 15 earnings announcement, there was, the
 16 stock price of Anadarko started to move
 17 down.
 18 Q. And did you look to see if
 19 there were marketmakers acting in the
 20 aftermarket that day, May 2nd, 2017?
 21 A. I only responded to the data
 22 that was provided to me by your expert.
 23 Q. And did you look to see if
 24 there were arbitrageurs operating in the
 25 aftermarket on May 2nd, 2017?

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1 A. I have not looked at anything
 2 other than observing that exactly at the
 3 time of the earnings announcement in a
 4 couple of minutes there, there were half
 5 a million shares that traded and the
 6 stock was down.
 7 Q. Did you look to see if there
 8 were any analyst reports that were issued
 9 that evening after the market closed on
 10 May 2nd, 2017, with respect to Anadarko?
 11 A. I have mentioned analyst
 12 reports issued discussing the earnings
 13 release on May 2nd in my report. So yes,
 14 we know that there were analysts that
 15 were following the company and provided
 16 commentary on March 2nd, 2017.
 17 Q. Could you turn in your most
 18 recent report, Exhibit 503, to paragraph
 19 92, please? Do you have that?
 20 A. Yes.
 21 Q. In paragraph 92 you refer to a
 22 "Wells Fargo equity research report"; do
 23 you see that?
 24 A. Yes.
 25 Q. And is that the report you were

34 (Pages 130 - 133)

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1 just referring to in your testimony?
 2 A. No. I was referring to the RBC
 3 capital markets analyst report from May
 4 2nd, 2017 that I discuss in paragraph 73.
 5 I was referencing the BMO
 6 capital markets May 2nd, 2017 report that
 7 I discuss in paragraph 74.
 8 I was referencing the Bank of
 9 America analyst report, dated May 2nd,
 10 2017 that I discuss in paragraph 75.
 11 I was referencing the Cohen
 12 analyst report dated May 2nd, 2017 that I
 13 discuss in paragraph 76.
 14 I was referencing the Credit
 15 Suisse analyst report on May 2nd, 2017
 16 that I discuss in paragraph 77.
 17 I was referencing the Raymond
 18 James analyst report dated May 2nd, 2017,
 19 that I discuss in paragraph 78.
 20 And I was referencing the J.P.
 21 Morgan analyst report dated May 2nd,
 22 2017, that I discuss in paragraph 79.
 23 These were analyst reports
 24 issued following the earnings release,
 25 Anadarko earnings release, and discussed

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1 Anadarko's earnings on May 2nd of 2017.
 2 Q. Okay. But you weren't
 3 referring to the report at paragraph --
 4 the Wells Fargo report that you cite at
 5 paragraph 92?
 6 A. No, I had those in mind. That
 7 is another example of such report. But
 8 we were discussing the earnings. This
 9 one here is discussing the Firestone
 10 explosion.
 11 So, you know, it depends on
 12 what you want to discuss. You want to
 13 discuss the Firestone explosion, I think
 14 that this is the key analyst report which
 15 is why I included it in this particular
 16 section.
 17 Q. When you're referring to this
 18 particular section, you're referring to
 19 the section contained in paragraph 92?
 20 A. Correct, the section relating
 21 to the Firestone explosion. Yes.
 22 Q. Okay. So let's, let's stay on
 23 Firestone for a moment, if we may. If
 24 you're on paragraph 92, maybe I can just
 25 ask you a few questions about it now.

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1 So there are two bullets, one
 2 saying "Uncertainty and overhang on APC";
 3 do you see that? And then the second
 4 bullet "And regulatory concern could
 5 pressure all DJ players."
 6 Do you see that?
 7 A. Yes.
 8 Q. What is DJ?
 9 A. DJ is the DJ basin. That's the
 10 area in, around Denver, Colorado where
 11 Anadarko had a lot of oil wells.
 12 Q. And so you attribute part of a
 13 decline in Anadarko stock on May 3rd,
 14 2017 to regulatory concerns, right?
 15 A. Yes. There is evidence that
 16 investors were concerned about increased
 17 regulation.
 18 Q. Okay. Did you separately
 19 analyze whether there was any overhang
 20 specific to Anadarko that went beyond the
 21 regulatory concerns applicable to all DJ
 22 players?
 23 A. I looked at that. I think my
 24 view, which is also, I think the
 25 consensus view of the analyst reports

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1 that I reviewed, is, number 1, that would
 2 have a minor impact on Anadarko.
 3 And number 2, you know, this
 4 would relate to an issue that was
 5 disclosed earlier on April 27th.
 6 So it's unclear to me what the
 7 new information would be that would
 8 provide increased liability, let alone
 9 any material increased liability, on the
 10 part of Anadarko. So that's the way that
 11 I interpreted it. And I think that that
 12 is consistent with the way that other
 13 analysts viewed it.
 14 Q. So there had been an explosion
 15 in Colorado, right?
 16 A. Correct.
 17 Q. A house exploded and the people
 18 in the house died?
 19 A. Correct. Two individuals died,
 20 yes.
 21 Q. And it was determined that the
 22 gas that was in the house came from an
 23 Anadarko well, right?
 24 MS. JENSEN: Objection,
 25 characterization.

35 (Pages 134 - 137)

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1 A. The connection to the Anadarko
 2 well was made in April 27th. The well
 3 was 200 feet, I believe, from the home.
 4 But there was no finding of wrongdoing,
 5 in April, with respect to Anadarko nor on
 6 May 3rd, with respect to Anadarko.
 7 Q. So isn't it the case that on
 8 May 2nd, there was a press conference
 9 given by the Frederick Firestone Fire
 10 Department?
 11 A. Yes, absolutely.
 12 Q. And from your perspective, was
 13 there any new information provided in
 14 that press conference?
 15 A. In the press conference itself?
 16 I mean, certainly there were -- it was an
 17 update with respect to information that
 18 had been revealed on April 27th. So
 19 certainly there was an update. There is
 20 certainly new information. I am not
 21 entirely sure what material new
 22 information was disclosed at that point
 23 in time that could have a material impact
 24 on Anadarko, specifically.
 25 However, there is no question,

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1 in my mind, that regulatory concern
 2 increased as Governor Hickenlooper was
 3 responding to this particular press
 4 coverage. So regulatory concerns were
 5 certainly increased.
 6 But you're talking about some
 7 company specific. I don't know
 8 specifically what that information would
 9 be. And I don't really see that as being
 10 material. Clearly two lives were lost.
 11 If there is liability, you know,
 12 certainly there will be some compensation
 13 there. Certainly there was a house that
 14 was destroyed. The neighborhood was no
 15 longer in any danger. So I am not quite
 16 sure what you mean when you say -- when
 17 you talk about company specific factor,
 18 other than the increased regulatory
 19 concern.
 20 Q. Okay. In your paragraph 92 in
 21 this quote from Wells Fargo, there is a
 22 bullet which says "Uncertainty and
 23 overhang on APC."
 24 Do you see that?
 25 A. Correct.

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1 Q. And APC is Anadarko, right?
 2 A. Correct.
 3 Q. And Anadarko is the only
 4 company that's referred to in that
 5 paragraph?
 6 A. Correct. And that is an
 7 uncertainty that started on April 27th.
 8 Q. And you referred to the
 9 preliminary findings of the Firestone
 10 Fire Department; do you see that?
 11 A. Correct.
 12 Q. And when were those preliminary
 13 findings released?
 14 A. I don't know if it's referring,
 15 specifically, it refers to the update
 16 that the fire department made after the
 17 market closed on May 2nd.
 18 But that wasn't the first time,
 19 you know, that Anadarko well was linked
 20 to the Firestone explosion. In fact, on
 21 April 27th, that's when Anadarko
 22 disclosed that it would shut-in 3000
 23 wells. That is a company-specific event
 24 that was specific to Anadarko. But I
 25 don't see anything new here that would be

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1 materially different than what was
 2 disclosed on April 27th.
 3 Q. And the Firestone Fire
 4 Department press conference, do you know
 5 when that started?
 6 A. It started -- I have it in my
 7 -- I think it was a couple of minutes
 8 after 4 o'clock Eastern Time.
 9 Q. So a couple of minutes after
 10 the close of the New York Stock Exchange?
 11 A. Correct.
 12 Q. And do you know when Anadarko
 13 released its results?
 14 A. Yes, I think it was 4:16. And
 15 that's exactly when the Anadarko stock
 16 price started to decline.
 17 Q. You have referred me to some
 18 other paragraph in your report. Notably
 19 paragraph 73 through 79. You just did
 20 that a few minutes ago. Do you remember?
 21 Do you remember that?
 22 A. Yes.
 23 Q. Okay. So in paragraph 79 there
 24 is a reference to a "J.P. Morgan analyst
 25 report."

36 (Pages 138 - 141)

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1 Do you see that?
 2 A. I have to go to paragraph 79,
 3 yes.
 4 Q. And do you see that it says in
 5 the middle of that: "In the JPM view, we
 6 expect a mixed reaction to the print
 7 given the weaker Q2 '17 guide."
 8 Do you see that?
 9 A. Yes.
 10 Q. What's the print?
 11 A. Well, you can ask the analyst,
 12 but I assume it has to do with the press
 13 release.
 14 Q. Okay. And when it says "weaker
 15 Q2 '17 guide," do you know what that is
 16 referring to?
 17 A. Yes, the company provided a
 18 second quarter 2017 guidance and a full
 19 year 2017 guidance.
 20 The full year guidance was,
 21 essentially, maintained. The second
 22 quarter guidance was a little bit weaker
 23 than some, some analysts had expected --
 24 which the company explained by, well, it
 25 was anticipated making its costs, and

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1 they decided to take it in the second
 2 quarter, so it wouldn't have, you know, a
 3 long-term impact. In other words, the
 4 guidance for the full year was the same.
 5 Q. But the guidance for the second
 6 quarter was weaker; is that right?
 7 A. It was weaker because of the
 8 company deciding to take, do some
 9 maintenance in the second quarter. So it
 10 was weaker. But, obviously, it had to be
 11 better. It would be made up in the third
 12 and the fourth quarter, because the
 13 guidance for the full year was
 14 maintained.
 15 Q. Okay. And here J.P. Morgan
 16 talks of "Given the weaker Q2 '17 guide,
 17 owing to GOM shut-ins for well times and
 18 maintenance."
 19 And that's what you were just
 20 referring to when you mentioned
 21 maintenance, I take it?
 22 A. No. The maintenance was
 23 discussed the following day on the
 24 conference call. And analysts -- because
 25 different analysts interpret things

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1 differently. So they asked the question
 2 to the company, should we be concerned
 3 with respect to the second quarter
 4 guidance.
 5 And the answer from the company
 6 was that, no, this was an anticipated
 7 maintenance that we were doing. And the
 8 full year guidance was as before.
 9 Q. And then this J.P. Morgan
 10 analyst continues, "And lingering
 11 uncertainty associated with the home
 12 explosion incident in the DJ Basin."
 13 Do you see that?
 14 A. Yes.
 15 Q. And I take it that that's a
 16 reference to the Firestone explosion?
 17 A. Correct, yes.
 18 MR. SLIFKIN: Let me just go off
 19 the record for a couple of minutes,
 20 but I may be done.
 21 THE VIDEOGRAPHER: The time is
 22 1:47, we are going off the record.
 23 [Off the record.]
 24 THE VIDEOGRAPHER: Time is 1:50
 25 p.m., and we are back on the record.

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1 MR. SLIFKIN: I have no further
 2 questions at this time. Thank you,
 3 Mr. Steinholt. Thank you.
 4 MS. JENSEN: Okay. Thank you
 5 everyone.
 6 THE VIDEOGRAPHER: This
 7 concludes today's deposition of Bjorn
 8 Steinholt. The number of media units
 9 used is three. They will be retained
 10 by Veritext Legal Solutions. We are
 11 off the record at 1:51 p.m. Pacific
 12 Time.
 13 Thank you very much. Everybody,
 14 have a great holiday.
 15
 16 (Whereupon, at 1:51 P.M. PST,
 17 the deposition was concluded.)
 18
 19
 20
 21
 22
 23
 24
 25

37 (Pages 142 - 145)

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1 ANADARKO PETROLEUM CORPORATE SECURITIES
LITIGATION

2 12/21/2022 - BJORN STEINHOLT

3 ACKNOWLEDGEMENT OF DEPONENT

4 I, BJORN STEINHOLT, do hereby declare

5 that I have read the foregoing transcript,

6 I have made any corrections, additions, or

7 changes I deemed necessary as noted on the

8 Errata to be appended hereto, and that the

9 same is a true, correct and complete

10 transcript of the testimony given by me.

11

12 _____

13 BJORN STEINHOLT Date

14 *If notary is required

15

16 SUBSCRIBED AND SWORN TO BEFORE ME THIS

17 _____ DAY OF _____, 20____.

18

19

20 _____

21 NOTARY PUBLIC

22

23

24

25

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1 CERTIFICATION

2

3 I, DAWN MATERA, a Notary Public for

4 and within the State of New York, do

5 hereby certify:

6 That the witness whose testimony as

7 herein set forth, was duly sworn by me;

8 and that the within transcript is a true

9 record of the testimony given by said

10 witness.

11 I further certify that I am not

12 related to any of the parties to this

13 action by blood or marriage, and that I

14 am in no way interested in the outcome of

15 this matter.

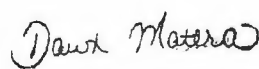
16 IN WITNESS WHEREOF, I have hereunto

17 set my hand this 22nd day of December,

18 2022.

19

20

21 

22 _____

23 DAWN MATERA

24

25

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1 ----- I N D E X -----

2 WITNESS EXAMINATION BY PAGE

3 BJORN STEINHOLT Ms. Jensen 4

4

5 ----- EXHIBITS -----

6 NUMBERS FOR I.D.

7 Exh 503, document consisting of the 5

8 November 9th, 2022 expert report

9 by Bjorn Steinholt

10 Exh 10, document consisting of 7

11 Steinholt class cert report

12 previously marked

13 Exh 504, rebuttal report dated 7

14 February 2, 2022

15

16

17

18 (Exhibit Share)

19

20

21

22

23

24

25

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1 ANADARKO PETROLEUM CORPORATE SECURITIES
LITIGATION

2 12/21/2022 - BJORN STEINHOLT

3 E R R A T A S H E E T

4 PAGE _____ LINE _____ CHANGE _____

5

6 REASON _____

7 PAGE _____ LINE _____ CHANGE _____

8

9 REASON _____

10 PAGE _____ LINE _____ CHANGE _____

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12 REASON _____

13 PAGE _____ LINE _____ CHANGE _____

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15 REASON _____

16 PAGE _____ LINE _____ CHANGE _____

17

18 REASON _____

19 PAGE _____ LINE _____ CHANGE _____

20

21 REASON _____

22

23

24 BJORN STEINHOLT Date

25

Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and
(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

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